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TRANSCRIPT OF RECORD.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1886.

No. 293.

EMILE CORNELY, APPELLANT,

vs.

FREEMAN D. MARCKWALD.

APPEAL FROM THE CIRCUIT COURT OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK.

FILED JUNE 23, 1886.

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JUDD & DETWEILER, PRINTERS, WASHINGTON, APRIL 17, 1889.

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United States Circuit Court, Southern District of New York.
In Equity.

To the honorable the judges of the circuit court of the United States for the second circuit, within and for the southern district of New York, sitting in equity:

Emile Cornely, of the city of Washington, in the District of Columbia, and a citizen of the United States, temporarily residing in the city of Paris, in the Republic of France, brings this his bill against Freeman D. Marckwald, of the city and county of Philadelphia and State of Pennsylvania, doing business in the city, county, and State of New York, and a citizen of the State of Pennsylvania.

And thereupon your orator complains and says, on information and belief, that heretofore, to wit, before the tenth day of November, 1868, one Antoine Bonnaz, being the original and first inventor of a certain new and useful "improvement in sewing-machine for embroidering," made application in due form of law to the proper Department of the Government of the United States for the grant of its letters patent for such improvement.

And your orator further represents and shows that the said Antoine Bonnaz, by assignment dated the twelfth day of June, 1868, duly assigned and transferred to your orator the full and exclusive right to all the said invention and improvement, as fully set forth and described in the specification prepared and executed preparatory to the obtaining of letters patent therefor, which said assignment was duly recorded in the Patent Office, and to which said assignment, ready to be produced as this court may direct, or to a certified copy thereof, your orator begs leave, for greater certainty, to refer.

And your orator further represents and shows that thereupon such proceedings were had that letters patent of the United States, dated the tenth day of November, 1868, and numbered 83910, were issued in due form of law and delivered to your orator for the said invention, whereby there was granted to your orator, his heirs or assigns, for the term of seventeen years from the said date thereof, the exclusive right to make, use, and vend the said invention throughout the United States and the territories thereof, as in and by a certified copy of the said letters patent, ready to be produced as this court may direct, will more fully appear.

And your orator further shows that he has always, since the grant of the said letters patent, and in the exercise of the exclusive rights so granted as aforesaid, made, used, and vended to others to be used, the said improvements so patented, and has had and maintained, until the infringement hereafter complained of, exclusive possession of the said improvements and inventions under and by virtue of said letters patent, and has never acquiesced in any invasion or infringement of his said rights, and that the rights of your orator to the exclusive use and enjoyment of said inventions as covered by said letters patent and acquiesced in by the public has been generally respected.

And your orator further shows unto your honors that the defend-

ant herein, having full knowledge of the premises and in violation of your orator's exclusive rights and privileges as aforesaid, and utterly disregarding the same, has, since the tenth day of November, 1868, without the license of your orator, at the city of New York, New York, and Philadelphia, Pennsylvania, and at various other places in the United States, manufactured, used, and sold, and still continues to manufacture, use, and sell, one or more sewing-machines for embroidering embracing the improvements and inventions described in said letters patent and so secured to your orator; how many your orator is unable to say, but prays that the defendant may discover and set forth in his answer to this bill.

And your orator further shows unto your honors that the validity of said letters patent has been fully established by judicial decrees; that on the 9th day of December, 1876, your orator filed his bill of complaint against one Norbert J. Henderickx in the circuit court of the United States for the southern district of New York, praying for an injunction and other relief in equity against said Hendrickx for infringement of said letters patent; to which bill of complaint the said Hendrickx filed his answer denying the validity of said letters patent and setting up numerous defenses thereto; whereupon a motion for interlocutory injunction against said Henderickx was made, and was argued by B. F. Lee, Esq., for complainant, and by Messrs. Coudert Bros., for defendant; and thereupon and on the twenty-third day of May, 1876, an interlocutory injunction restraining the infringement of said letters patent was ordered by the court, Hon. Samuel Blatchford, judge, against said Henderickx; that thereafter an effort was made on the part of said Henderickx to dissolve said injunction, and on the sixteenth day of June, 1876, a motion to that end was argued and denied by the court, Hon. Samuel Blatchford, judge; that thereupon testimony was taken, and a final decree for complainant was thereafter entered against said Henderickx, and a perpetual injunction was decreed restraining the infringement of said patent.

That on the fourth day of October, 1877, your orator filed a bill for infringement of said letters patent against one Jules C. Wellens in the circuit court of the United States for the southern district of New York, praying for injunction or other relief in equity against said Wellens for infringement of said letters patent; thereupon the defendant appeared by Charles Howson, Esq., and filed an answer denying the validity of said letters patent and alleging numerous defenses thereto. Whereupon a motion for an interlocutory injunction was made, and an injunction was ordered to issue against the defendant Wellens on the 25th day of June, 1878. Thereupon such proceedings were had that a final decree against said Wellens was entered and a perpetual injunction was decreed restraining the infringement of said letters patent.

That numerous bills in equity were filed during the years 1878, 1879, and 1881 against infringers of said letters patent, in circuit courts of the United States for various districts, for the use of infringing devices of different kinds, including machines known as Petit machines and machines made by the firm of Barequand et Fils

et Bonnaz and known by their name, in all of which such proceedings have been had that final decrees against the defendants in each and all of said suits were entered and perpetual injunctions decreed restraining the infringement of said letters patent; that almost every one throughout the United States who has been infringing upon said letters patent, as far as your orator has been able to ascertain, has either admitted the validity of said letters patent and taken license thereunder without suit or has been sued, and said suits all have resulted in decrees being entered in favor of your orator, as hereinbefore set forth.

And your orator further shows unto your honors that he will be subject to great and irreparable injury unless he shall obtain from your honors the relief hereby sought.

To the end, therefore, that the said defendant may, if he can, show why your orator should not have the relief hereby prayed, and may, upon his corporal oath and according to the best and utmost of his knowledge, remembrance, and, belief, full, true, direct, and perfect answer make to all and singular the matters hereinbefore stated and charged as fully and particularly as if the same were hereinafter repeated and he thereunto distinctly interrogated, and more especially that he may answer and set forth—

1. Whether he has not made or caused to be made or used or sold one or more sewing-machines for embroidering, constructed substantially as described in said letters patent, since the date thereof.

2. What amount of such machines made in accordance with said inventions the defendant has so made, used, or sold since the date of said letters patent, and what profit has been made or derived therefrom by the said defendant.

3. Whether the defendant has not used or sold or caused to be used or sold one or more sewing-machines for embroidering, known as "Barequand et Fils et Bonnaz machines."

4. What number of such machines, known as "Barequand et Fils et Bonnaz" machines, the defendant has so made, used, or sold since the date of said letters patent, and what profit has been made or derived therefrom by the said defendant.

And your orator further prays that the said defendant may be forthwith restrained by a writ of injunction, issuing out of and under the seal of this honorable court, from making, using, or vending any machine involving or embracing or manufactured in pursuance of the inventions secured to your orator by virtue of said letters patent numbered 83910, and from all violations or infringements of the exclusive rights of your orator under or by virtue of said letters patent, and that on the final hearing of this cause the said injunction may be made perpetual.

And, further, that said defendant may be decreed to account to your orator for all profits realized by him from the use or sale of machines made pursuant to the said inventions, as secured to your orator by said letters patent, in violation of the exclusive rights of your orator, and also to pay to your orator, in addition to said profits, the damages which have been sustained by your orator by reason of said infringement, and that said damages may be assessed under

the direction of this court, and increased, in its discretion, according to law; and that your orator may have such other and further relief in the premises as the nature of the case may require and as may be according to equity and good conscience.

And may it please your honors to grant your orator a writ of subpœna, to be directed to the said defendant, Freeman D. Marckwald, commanding him, at a certain day and under a certain penalty, to be and appear before this honorable court, and then and there full, true, direct, and perfect answer to make to all and singular the premises, whether specially interrogated thereto or not, and further to stand to, abide by, and perform such further orders, directions, and decrees therein as to your honors shall seem meet and proper.

EMILE CORNELY,
By LUCAS THOMPSON, *Agent.*

TURNER, LEE & McCLURE,
Complainant's Sol'rs.
W. H. L. LEE, *Of Counsel.*

UNITED STATES OF AMERICA, }
Southern District of New York, } *ss:*

On this 10th day of December, 1881, before me personally appeared Lucas Thompson, the agent of the complainant above named, who, being duly affirmed, did depose and say that he is such agent; that he has read the foregoing bill in equity and knows the contents thereof, and that the same is true of his own knowledge except as to the matters therein stated to be alleged on information and belief, and as to those matters he believes it to be true.

[L. S.] JAMES F. HORAN,
Notary Public, N. Y. Co.

4 [Endorsed:] Circuit court of the United States for the southern district of New York. In equity. Emile Cornely *vs.* Freeman D. Marckwald. Bill of complaint. U. S. circuit court. Filed Dec. 10, 1881. Joseph M. Deuel, clerk. Turner, Lee & McClure, complainant's solicitors, 20 Nassau street, New York.

5 U. S. Circuit Court, Southern District of New York.

EMILE CORNELY }
vs.
FREEMAN D. MARCKWALD. }

To the clerk of the U. S. circuit court for the southern district of New York:

Please enter our appearance for the defendant in the above-entitled suit.

Dated December 12, 1881.

COURSEN & COURSEN,
Solicitors for Defend-, 237 Broadway, N. Y.

6 [Endorsed:] U. S. circuit court, southern district of New York. Emile Cornely *vs.* Freman D. Marckwald. Appearance for defendant by Coursen and Coursen, solic-tors, 237 Broadway, N. Y. U. S. circuit court. Filed Dec. 13, 1881. Joseph M. Duel, clerk.

7 United States Circuit Court, Southern District of New York.

In Equity.

To the honorable the judges of the circuit court within and for the southern district of New York, in equity.

EMILE CORNELY *v.* FREEMAN D. MARCKWALD.

The answer of Freeman D. Marckwald, defendant, to the bill of complaint of Emile Cornely, complainant.

This defendant, saving and reserving all and all manner of benefit of exception to the manifest errors and uncertainties of said bill of complaint, nevertheless, for answer thereto, or to so much and such parts thereof as he is advised it is material for him to make answer unto, answering, says:

First. This defendant has no knowledge or information sufficient to form a belief, and does not know, except as informed by the bill of complaint, and does not admit, that at the time stated in the bill of complaint, or at any other time, one Antoine Bonnaz was the original and first inventor of a certain new and useful improvement in sewing-machines for embroidering, or that he made application in due form of law, or at all, to the proper department of the United States for the grant of letters patent for such improvement, as in said bill of complaint is stated.

Second. This defendant also denies any knowledge or information sufficient to form a belief, and does not know, except as informed by the bill of complaint, and does not admit, that the

8 said Antoine Bonnaz, by assignment dated the twelfth day of June, 1868, or at any date or time, duly assigned and transferred to Emile Cornely, the complainant, the full and exclusive right to all of the said invention and improvement, and leaves the complainant to make such proof thereof as he is advised.

Third. This defendant has no knowledge or information sufficient to form a belief, and does not know, except as informed by the bill of complaint, and does not admit, that the complainant has, since the alleged grant of letters patent, or in the exclusive rights so granted as alleged, made, used, or vended to others to be used, the said improvement so patented as alleged, or that he has had or maintained, until the infringement complained of in said bill of complaint, exclusive possession of the said improvements and inventions under and by virtue of said alleged letters patent, or that the complainant has never acquiesced in any invasion or infringement of his said alleged rights, or that the alleged rights of the complainant to the exclusive use and enjoyment of said alleged inventions

as covered by said letters patent were or are acquiesced in by the public or have been generally respected, as stated in said bill of complaint, and in these respects this defendant leaves the complainant to make such proof thereof as he may be advised.

Fourth. This defendant has no knowledge or information sufficient to form a belief, and does not know, except as informed by said bill of complaint, and does not admit, that the validity of said alleged letters patent has been fully established by judicial
9 decrees, or that on the ninth day of December, in the year 1876, the complainant filed his bill of complaint against one Norbert J. Hendrickx in the circuit court of the United States for the southern district of New York praying for an injunction and other relief in equity against said Hendrickx for infringement of said alleged letters patent, or that to such bill of complaint the said Hendrickx filed his answer denying the validity of said letters patent or setting up numerous defenses thereto, or that thereupon a motion for interlocutory injunction against said Hendrickx was made or was argued by B. F. Lee, Esq., for complainant or by Messrs. Coudert Bros. for defendant, or that thereupon, on the twenty-third day of May, 1876, or at any time, an interlocutory injunction restraining the infringement of said letters patent was ordered by the court, Hon. Samuel Blatchford, judge, against said Hendrickx, or that thereafter an effort was made on the part of said Hendrickx to dissolve said injunction, or that on the sixteenth day of June, 1876, or at any time, a motion to that end was argued and denied by the court, Hon. Samuel Blatchford, judge, or that thereupon testimony was taken and a final decree for said complainant thereafter entered against said Hendrickx and a perpetual injunction decreed restraining the infringement of said averred patent, or that on the fourth day of October, 1877, or at any time the said complainant filed a bill for infringement of said letters patent against one Jules C. Wellens in the circuit court of the United States for the southern district of New York praying for injunction or other relief in equity against said Wellens for infringement of said letters patent, or that thereupon the said defendant appeared, by Charles Howson, Esq., and
10 filed an answer denying the validity of said letters patent or alleging numerous defenses thereto, or that thereupon a motion for an interlocutory injunction was made and an injunction was ordered to issue against said defendant Wellens on the twenty-fifth day of June, 1878, or that thereupon such proceedings were had that a final decree against said Wellens was entered and a perpetual injunction decreed restraining the infringement of said letters patent, or that numerous bills in equity were filed during the years 1878, 1879, and 1881 against infringers of said letters patent in circuit courts of the United States for various districts for the use of infringing devices of different kinds, including machines known as Petit machines and machines made by the firm of Barignaud et Fils et Bonnaz and known by their name, and that in all of which such proceedings were had that final decrees against the defendants in each and all of said suits were entered and perpetual injunctions decreed restraining the infringement of said letters patent, or that

almost every one throughout the United States who has been or has been charged by the complainant with infringing upon said letters patent, so far as the complainant has been able to ascertain, has either admitted the validity of said letters patent and taken license thereunder without suit or has been sued, and said suits all have resulted in decrees being entered in favor of the complainant, as set forth in the said bill of complaint and in respect to all of such averments this defendant leaves the complainant to make such proof as he may be advised.

11 Fifth. For a further defense to the said bill of complaint this defendant, upon information and belief, avers that long prior to the alleged application by the complainant for letters patent of the United States the alleged invention of said Bonnaz was well known and in public use at the city of Paris, in France, and elsewhere; that the said Bonnaz had publicly sold the said machines and openly dealt with them prior to applying for or obtaining any patent in France or the United States therefor; that said sales were made by said Bonnaz openly and publicly, in the year 1867 and at other times, to various persons, and, among others, to the complainant in this suit, and that the said complainant, in the year 1867 and at other times prior to the said alleged application for the letters patent mentioned in his bill of complaint, had dealt in such machines and openly bought and sold the same, and that said inventions or alleged inventions had become open and dedicated to the public.

Further answering the said bill of complaint, this defendant, upon information and belief, avers that heretofore, and since the time when said alleged letters patent of the United States are stated to have been issued, the said Bonnaz brought an action against the complainant in this suit to recover against him certain moneys alleged to be due by the complainant to said Bonnaz by reason of a contract growing out of the said alleged inventions and the alleged assignment thereof to the complainant; that the complainant, for a defense in the said action, set up and insisted that said letters patent of the United States were invalid and void on various grounds,

12 and, among others, that the same were not for a novel and useful invention, and that if the fact of novelty and usefulness of the invention existed, yet it (the alleged invention) had been dedicated to the public, and that thereupon the said complainant offered to prove and did prove to the satisfaction of the court that long prior to the application of said Bonnaz for any letters patent in France or elsewhere he had openly sold and dealt in machines made pursuant to the said alleged invention; and the defendant in the said action also then and there proved to the satisfaction of the court that he had bought such machines from said Bonnaz at various times in the years 1867 and 1868, and that thereupon said court, being a court of competent jurisdiction therefor, held and determined in favor of the complainant in this suit; that the said letters patent so granted in France prior to the issuance of letters patent alleged to have been made, as in the bill of complaint stated, were invalid and of no effect; that the said letters patent of

the United States covered the same subject and were for the same pretended inventions as were the patents set out in the bill of complaint; that thereupon a judgment was rendered in favor of the said complainant against the said Bonnaz discharging him from any obligation or pretended claim to pay any royalties or other dues and condemning him to pay the costs and expenses of said suit or action.

For a further defense this defendant denies, upon information and belief, that since the alleged grant of the said letters patent said complainant has had and maintained exclusive possession of the said alleged inventions or improvements; but, to the contrary,
13 this defendant, upon information and belief, avers that the said pretended inventions and improvements have been openly and notoriously in use, and he denies that the rights of the said complainant to the use and enjoyment of the said inventions have been acquiesced in or respected.

Sixth. This defendant, for further defense, denies that, with full knowledge of the premises set forth in the bill of complaint or in violation of the complainant's exclusive rights and privileges, as aforesaid, or utterly disregarding the same, he has, since the tenth day of November, 1868, at the city of New York or elsewhere, manufactured, used, or sold, or still continues to manufacture, use, and sell, any one or more sewing-machines for embroidering embracing the improvements and inventions described in said letters patent or so secured to the complainant; and this defendant, in respect to the above specific allegations of the complaint, avers that he has not manufactured, used, or sold any sewing-machines for embroidering in any way similar or having any similar qualities of inventions alleged to have been sold to the complainant by said Bonnaz, excepting as hereinafter stated.

Seventh. This defendant, for further answer to the bill of complaint, upon information and belief, avers—

That in the year 1863 one Antoine Bonnaz (mentioned in the said bill of complaint) claimed to have invented some improvement in machines for embroidering, and it is claimed by the complainant that in the year 1868 the said Antoine Bonnaz made and put in writing certain specifications with a view of obtaining for
14 his said invention letters patent in the United States; and it is further claimed by said complainant that in the month of June, 1868, the said Antoine Bonnaz transferred to the complainant all the improvements made by said Bonnaz, which were reduced to writing by said specifications, and thereafter letters patent for the said improvements were granted by the United States to said Emile Cornely, and that said letters patent are those mentioned in the bill of complaint; that the said Bonnaz had obtained in France, in the year 1863, letters patent for a machine for embroidering, and that such letters patent expired by the law of France in the year 1878.

That the letters patent alleged to have been obtained by Emile Cornely, the complainant, in the United States were only of and concerning an alleged invention of said Bonnaz which was protected by said letters patent obtained in France in the year 1863, and that said

Bonnaz, in the year 1868, did, as this defendant is informed, obtain other letters patent from the Government of France for the same invention, but that said invention in the year 1872 became and ever since that date has remained in public use in France, and has not been and is not claimed by said Bonnaz to be under the protection of any letters patent or other protection whatever.

That upon the expiration of said first letters patent of the year 1863, being in the year 1878, the said Antoine Bonnaz and the business firm of Barignaud et Fils, both residing in Paris, France, entered into a written agreement, wherein it is agreed that the embroidery sewing-machine (meaning the machine mentioned in the said letters patent of the years 1863 and 1868) had fallen into public use,
15 and that said Bonnaz had just at the time of making the said agreement made an improvement in machines for embroidering, which he (Bonnaz) had patented in France by letters patent No. 120,595, under date of 19th September, 1877; and it was further agreed by said agreement that said Bonnaz was at the same time the inventor of a second machine, similar in its working to the one last above mentioned, and said Bonnaz was then also the inventor and patentee by letters patent from the Government of France of a special machine, called a machine to *festounée* (designing in festoons), similar in its workings to the above-named machine, and by said agreement it was then and there agreed that said Bonnaz authorized said Barignaud & Fils exclusively to manufacture and sell the said machines under any and all of the above-mentioned patents; and it was further agreed by the terms of said agreement that Barignaud & Son were the only rightful holders, during all the existence of the patents for France or foreign countries, of all the rights and privileges incident to said patents and to any or either of them; also that said Bonnaz agreed not to permit any use of his name for any machines excepting those manufactured by said Barignaud & Son; that one or more of the said kind of machines for which said Bonnaz had obtained a patent or patents, and the right to manufacture which said Bonnaz had conferred exclusively upon said Barignaud & Son, as above mentioned, contained some improvements over the said machines covered by the patents obtained in the years 1863 and 1868, respectively, the object of which was to make the machine more durable and less noisy.

16 This defendant further avers that all the machines which he has manufactured, used, or sold have been made by said Barignaud et Fils and are of the pattern and kinds covered by the improvement last above mentioned, as to durability and noise, and that all of said machines were made by said Barignaud & Fils under and by virtue of said agreement between them and said Bonnaz.

This defendant, further answering, upon information and belief avers that before the entering into said agreement between said Bonnaz and Barignaud & Son the said invention and letters patent obtained in France in 1868, and which contained and were founded upon the invention which is alleged to have been sold by said Bonnaz to the complainant, and ever since the year 1872 had fallen into and been allowed by said Bonnaz to be in public use without any

claim of protection therefor from or by means of said letters patent of 1868, and that previous to the entering into of said agreement between said Bonnaz and Barignaud & Son the complainant knew and acquiesced in the public use in France of all of the said invention and of all machines made thereupon or thereunder, and that thereupon said Cornely had neglected and refused to pay certain sums he had agreed to pay to said Bonnaz as long as the said patent of the year 1868 was in force, and that thereupon also the said Cornely made his solemn declaration to said effect before a tribunal in France, upon the occasion of a legal contest or process in said country between said Cornely and said Bonnaz upon and concerning the said patent of 1868 and the rights and liabilities of said respective parties thereunder, and that in the said legal con-
17 test or process (so called in France) the said tribunal in France declared and established that the said patent of 1868 did not possess any value.

Eighth. This defendant, further answering the bill of complaint, avers that the machines which he has manufactured, used, or sold, and which were furnished to him by or through said Barignaud & Son, were not identical with the machines manufactured under the said letters patent of the United States granted to the complainant, and that the machines manufactured, used, or sold by this defendant were constructed upon and contained a valid improvement upon those manufactured under said letters patent of 1868, granted in France and in the United States, in points of durability and diminution of noise in the use thereof.

Ninth. This defendant, upon information and belief, further avers that the nominal consideration mentioned in the cession (or assignment) claimed by the complainant to have been made by said Bonnaz to him is the sum of one dollar, but that there was a further consideration for said cession, agreed to be paid by the complainant to said Bonnaz, of the sum of fifty francs for each machine sold by said Cornely, and that in fact (as this defendant is informed and believes) the complainant did, up to the month of April, 1878, pay to said Bonnaz any further sum upon the alleged ground that the actual and valid patent of the year 1863 had come to a conclusion, and that all agreements respecting the same and any agreement concerning any patents of which the patent of 1863 was the
18 basis were and was at an end, and that thereupon the said agreement between said Bonnaz and said Barignaud & Son was entered into.

Tenth. This defendant, for a further defense, upon information and belief avers that previous to the making of the said cession or assignment by Bonnaz to Cornely the said Bonnaz had already sold and assigned all of his said inventions and patents thereunder to one Goodwin, and that therefore no rights or interests of or on behalf of said Bonnaz passed to or vested in the complainant by or through the said assignment.

Eleventh. This defendant, further answering the bill of complaint, and to answer specifically the questions set forth in fols. 10 and 11 of said bill of complaint, says, in reply to the questions 1 and 2 (in

said folios of the bill of complaint), *this defendant says* he has not manufactured or used any sewing-machines for embroidering, but that he has sold such machines, but he denies any knowledge or information sufficient to form a belief whether or not the said sewing-machine so sold by him as aforesaid, are constructed substantially as described in said letters patent, but this defendant admits that since the date of the said letters patent he has sold machines for embroidering, and that all of the said machines so sold by him were, as this defendant is informed and believes, known as Barignaud et Fils et Bonnaz machines, and that the number of said machines so sold by this defendant is twenty-six, and that the whole
19 of the profit that has been made or derived by this defendant on the sale of the said sewing-machines for embroidering is the sum of two hundred and thirty-four dollars—without this, that there is any other matter or thing in the said bill of complaint contained and not herein and hereby well and sufficiently answered and avoided, traversed or denied, to be true to the knowledge or belief of this defendant, and he prays to be hence dismissed with his reasonable costs and charges in this behalf most wrongfully sustained; and this defendant prays the same benefit of the facts and things herein set forth as if for the reason thereof the said bill of complaint had been demurred to where a demurrer would have been proper, and the same benefits thereof as if he had specially pleaded to said bill of complaint.

COURSEN & COURSEN,
Solicitors for the Defendant, 237 *Broadway*,
New York, New York.

WM. A. COURSEN, *Of Counsel.*

UNITED STATES OF AMERICA,
Southern District of New York, } *ss:*

Freeman D. Marckwald, being duly sworn, deposes and says that he is the defendant named in the foregoing answer, and has read the same and knows the contents thereof, and that the same is true to his own knowledge, except as to the matters therein stated to be alleged upon information and belief, and as to those matters he believes it to be true.

(S'g'd) FREEMAN D. MARCKWALD.

Sworn to before me this 11th day of February, 1882.
(S'g'd) JOHN H. HARNETT,
Notary Public.

20 Due and timely service of the within answer hereby admitted this 13th day of Feb'y, 1882.
TURNER, LEE & McCLURE,
Compl't's Sol'rs.

[Endorsed:] X'd. U. S. circuit court, southern district of New York. In equity. Emile Cornely against Freeman D. Marckwald. Copy. Answer. Coursen & Coursen, solicitors for defendant, 237

Broadway, New York city. U. S. circuit court. Filed Feb'y 24, 1882. Joseph M. Deuel, cl'k.

21 Circuit Court of the United States for the Southern District of New York.

EMILE CORNELY
vs.
FREMAN D. MARCKWALD.

These repliants, saving and reserving unto themselves all and all manner of advantage of exception to the manifold insufficiencies of the said answer, for replication thereunto say that they will aver and prove their said bill to be true, certain, and sufficient in the law to be answered unto, and that the said answer of the defendants is uncertain, untrue, and insufficient to be replied unto by these repliants, without this, that any other matter or thing whatsoever in the said answer contained material or effectual in the law to be replied unto, confessed and avoided, traversed or denied, is true; all which matters and things these repliants are and will be ready to aver and prove as this honorable court shall direct, and humbly pray as in and by their said bill they have already prayed.

Dated New York, March 4, 1882.

TURNER, LEE AND McCLURE,
Complainant's Solicitors.

22 [Endorsed:] U. S. circuit court, southern district of New York. Emile Cornely *vs.* Freeman D. Marckwald. Orig'l replication. Turner, Lee and McClure, sol's for complainant, No. 20 Nassau St., New York city. U. S. circuit court. Filed March 6, 1882. Joseph M. Deuel, clerk.

23 U. S. Circuit Court, Southern District of New York.

EMILE CORNELY
vs.
FREEMAN D. MARCKWALD. } In Equity.

Testimony taken on the part of the complainant for final hearing, under and pursuant to the 67th rule of the Supreme Court of the United States, as amended, before John A. Shields, Esq., examiner.

NEW YORK, *November* 4, 1882.

Present: B. F. Lee, Esq., for the complainant; William A. Cousen, Esq., for the defendant.

FREEMAN D. MARCKWALD, being called as a witness on the part of the complainant and being duly sworn, testified as follows:

Q. 1. What is your name, age, residence, and occupation?

A. Freman D. Marckwald; age, thirty-eight; residence, Brooklyn, New York; occupation, merchant.

24 Q. 2. Are you the defendant in this suit, and do you come here voluntarily or were you subpœnaed?

A. I am the defendant and I was subpœnaed.

Q. 3. Do you know Isaac W. Birdseye, of Bridgeport, Connecticut, and Theodore C. Bates, of Worcester, Massachusetts?

A. I do.

Q. 4. Have you dealt in certain embroidering machines, known to the trade as the "Barignaud et Fils et Bonnaz machine," prior to the commencement of this suit and within the past two years?

Ans. Yes.

Q. 5. Were some of the machines mentioned in the last question and answer sold by you to Birdseye and Bates above mentioned?

A. Yes.

Q. 6. Are there suits pending against said Birdseye and against said Bates on United States patent number 83910, upon which this suit is brought, and are you defending said suits on account of your having sold these machines to Bates and to Birdseye for their use for manufacturing purposes?

A. Yes.

25 Counsel for complainant offers in evidence a certified copy of the letters patent granted Emile Cornely, assignee of Antoine Bonnaz, dated November 10, 1868, number 83910, for improvement in sewing-machine for embroidering, and the same is marked "Exhibit Complainant's Patent, November 4, 1882, J. A. S., examiner."

Q. 7. Have you examined the mechanical construction of the machines so sold by you, and are you acquainted with the same?

A. No.

FREMAN MARCKWALD.

Sworn before me—
JOHN A. SHIELDS,
Examiner, etc.

LUCAS THOMPSON, being called as a witness on the part of the complainant and being duly sworn, testified as follows:

Q. 1. What is your name, age, residence, and occupation?

A. Lucas Thompson; fifty-three; New York city; importer.

Q. 2. Are you the importer of the Bonnaz machines manufactured by Emile Cornely under patent granted to said Conely, as assignee of Antoine Bonnaz, number 83910, dated November 10, 1868;

26 and, if so, how long have you been engaged in that business?

A. I am, and I have been engaged in that business for over 10 years.

Q. 3. Is there a machine now on the market known to the trade as the "Bariquand et Fils et Bonnaz machine," and are you acquainted with such machine?

A. Yes. It first appeared and became known to me about two years ago.

Q. 4. Have you ever known of one of these "Barignaud et Fils

et Bonnaz machines" being in possession of Isaac W. Birdseye, of Bridgeport, Connecticut; and, if so, under what circumstances?

A. He sent one of those machines to us for repairs about a year ago.

Q. 5. Are you acquainted with the construction of said "Bariquand et Fils et Bonnaz machines;" and, if so, can you produce a specimen of such a machine?

A. Yes.

Q. 6. Please produce such specimen to be marked as an exhibit in this cause.

A. I produce it.

The machine referred to by the witness is offered in evidence and marked "Complainant's Exhibit Bariquand Machine, November 4, 1882, J. A. S., examiner."

27 Cross-examination by Mr. COURSEN:

X Q. 7. Do you know anything of the engagement or arrangement which was made between Bonnaz and Cornely yourself?

A. No, sir.

X Q. 8. Anything from what Cornely has told you?

A. No; I do not know the nature of the arrangement.

X Q. 9. Never saw any written treaty or engagement?

A. No.

X Q. 10. Do you know whether Cornely has been paying, and when, any royalties to Mr. Bonnaz?

A. I do not know it of my own knowledge.

X Q. 11. From Cornely?

A. No.

X Q. 12. Neither from Cornely nor from your own knowledge?

A. No.

X Q. 13. Know nothing about that subject of your own knowledge or from Cornely?

A. No.

LUCAS THOMPSON.

Sworn before me—
JOHN A. SHIELDS,
Examiner, &c.

Adjourned to November 6, 1882, at 11 a. m.

28 NEW YORK, *Nov.* 6, 1882—11 a. m.

Met pursuant to adjournment.

Present: Counsel as before.

LUCAS THOMPSON, being recalled as a witness on behalf of complainant, deposes and testifies as follows:

14 Q. Have you already been examined as a witness in this cause?

A. Yes.

15 Q. State whether your knowledge as an importer of and dealer in the several kinds of embroidering machines spoken of in your

previous deposition is of such a nature as to enable you to understand the mechanical construction and mode of operation of such machines.

A. Yes.

16 Q. Have you read and do you understand letters patent of the U. S. No. 83910, dated Nov. 10, '68, granted to Emile Cornely, assignee of Antoine Bonnaz, for improvement in sewing-machines for embroidering, and do you understand the same and the mechanism described therein?

A. I have, and I understand.

29 17 Q. Have you examined and do you understand Complain-t's Exhibit "Bariquand Machine"—its construction and mode of operation?

A. I have, and I understand it.

18 Q. Please compare the subject-matter of the first and second claims of said patent with said Exhibit "Barignaud Machine" and state the results of such comparison.

A. The first claim in the patent is: "1. The needle-bar carrier G, the universal-jointed feed bar O^2, as herein shown and described, and the horizontal looper shaft B, connected by means of the gearings *y* Y, shaft W, gearing V W, shaft *y*, gearings *y x*, shaft U, and endless screws *l k*, substantially in the manner and for the purposes described."

I find in the Exhibit "Bariquand Machine" the carrier bar G, precisely as described in the patent; the universal-jointed feed bar O^2, precisely as described in the patent; the looper shaft B, precisely as described in the patent, connected by means of the gearing *y* Y, precisely as described in the patent; shaft W, gear-

30 ing V W, shaft *y*, gearings *y x*, shaft U, and endless screws *l k*, precisely as described in the patent, excepting that in the Bariquand machine the shaft U is broken in two and connected by a gear. This is entirely immaterial. The combination in the Barignaud machine is the same as in the patent. The second claim in the patent is as follows:

"2. The mechanism, herein described, for connecting the shafts E D, consisting substantially of disk F, cam-grooved disk K′, lever G′, spring pawl F′, rod D′, and lever B′, substantially as and for the purposes described."

I find in the Exhibit "Bariquand Machine" the mechanism for connecting the shaft E D, consisting of the disk F, cam-grooved disk K′, precisely as described in the patent; lever G′, spring pawl F, rod D′, precisely as described in the patent, and the lever B′, substantially as described in the patent. The whole combination for accomplishing the object of the patent are substantially the same.

Cross-examination:

19 X Q. Are you acquainted generally with the manufacture and mechanism of embroidery machines, or is your knowledge

31 confined to these two?

A. I have given my attention to the general construction

of sewing-machines for about ten years, and am acquainted with the general manufacture and mechanism of sewing-machines.

20 X Q. Have you been the agent of Mr. Cornely since the issue of the patent, or since when?

A. Since 1871, or thereabouts.

21 X Q. Are you personally acquainted with the complainant; and, if so, when have you met him, and where?

A. Yes; I met him in Paris some time in the fall of 1880.

22 X Q. Have you met him in company with Mr. Bonnaz, the inventor?

A. No.

23 X Q. Have you met Mr. Bonnaz, the inventor; and, if so, when and where?

A. No.

24 X Q. Has Mr. Cornely stated to you what, if any, arrangement he had made with Mr. Bonnaz respecting his, Bonnaz', in-
32 terest in the manufacture and sale of the machines? If so, what did he say?

A. He never told me the arrangement between himself and Mr. Bonnaz.

25 X Q. Have you any knowledge, and, if so, what, on that subject?

A. I have heard that there is some agreement between Mr. Connely and Mr. Bonnaz, but what that precise arrangement is I don't know.

26 X Q. When you last met Mr. Cornely in Paris did he state to you anything in relation to royalties on the manufacture or sale of such machines that he was paying to Mr. Bonnaz?

A. I think he told me he was paying a royalty to Mr. Bonnaz, but what it was I don't know. I don't know that any definite amount was mentioned.

27 X Q. Have you any copies of any paper or papers, receipt or receipts, between Mr. Cornely and Mr. Bonnaz respecting such royalties or any matters connected with the machines or any of them?

A. No.

28 X Q. Do you know any matter connected with the machines or either of them between Cornely and Bonnaz except what you have already stated?

33 A. No; I don't remember any.

29 X Q. Do you know of anything of any public use, in France or in this country, of the machines or either of them previous to the issuing of the patent, in 1868?

A. No.

30 X Q. Do you know that the use of the machines or either of them has been abandoned to the public in France by Bonnaz or Cornely since 1868?

A. I know it only from rumor; not from my own knowledge.

31 X Q. What was the source of the rumor?

A. It's generally understood that the patent's void, is lapsed, over there—I mean in France. I don't remember any particular names

of parties who told me. I just remember now that Mr. Coudit, the lawyer, told me. I think that's the first knowledge I had of it.

32 X Q. State what, if any, differences in mechanism or combination other than you have already stated exist between the two machines now here as exhibits in this cause.

34 A. There are no difference as regards the working parts of the machine. Such differences as do exist are as follows: The manner that the "Bariquand" machine is put upon the table; the catch to hold the spool on. I don't see anything further.

33 X Q. State specifically whether or not there be a difference in the Bariquand machine whereby it is less noisy and more durable than the former machine covered by the patent of Mr. Cornely.

A. Not that I know of.

LUCAS THOMPSON.

Sworn before me—
JOHN A. SHIELDS,
Examiner, &c.

Adjourned to Wednesday, Nov. 8, 1882, at 12 m.

Complainant rests.

35 Circuit Court of the United States, Southern District of New York.

EMILE CORNELY
vs.
FREMAN D. MARCKWALD. } In Equity.

UNITED STATES OF AMERICA,
Southern District of New York, } *ss:*

I, John A. Shields, an examiner, duly appointed by the circuit court of the United States for the southern district of New York, do hereby certify that the foregoing are the proofs for final hearing taken before me in the above-entitled cause on the part of the complainant under & pursuant to the 67th rule of the Supreme Court of the United States, as amended.

I do further certify that I am not of counsel nor attorney for either of the parties nor in anywise interested in the event of said cause.

36 I further certify that Mr. B. F. Lee appeared on the part of complainant and Mr. William A. Coursen appeared on the part of the defendant in the taking of said proofs.

JOHN A. SHIELDS,
Examiner, &c.

[Endorsed:] U. S. circuit court, southern district of New York. Emile Cornely *vs.* Freman D. Marckwald. In equity. Proofs for final hearing on behalf of complainant, taken before John A. Shields, examiner. U. S. circuit court. Filed Nov. 13, 1882. Joseph Duel, clerk.

37 At a stated term of the circuit court of the United States of America for the southern district of New York, in the second circuit, held at the United States court-rooms, in the city of New York, on Tuesday, the fourteenth day of November, in the year of our Lord one thousand eight hundred and eighty-two.

Present: The Honorable Hoyt H. Wheeler, judge.

EMILE CORNELY
vs.
FREEMAN D. MARCKWALD.

The above cause coming on this day for final hearing on pleadings and proofs—

Mr. B. F. Lee is heard in behalf of complainant.

Mr. Alfred C. Coursen is heard in behalf of defendant.

C. A. V.

38 Circuit Court of the United States, Southern District of New York.

EMILY CORNELY
vs.
FREEMAN D. MARKWALD. } In Equity. October Term, 1882.

The only question made upon the argument of this case is whether the proofs show that the defendant did sell an infringing machine or machines. Upon full consideration of the testimony, in view of the pleadings, it satisfactorily appears that he did.

Therefore let a decree be entered for the orator for an injunction and an account, according to the prayer of the bill, with costs.

HOYT H. WHEELER.

39 [Endorsed:] U. S. C. C., S. D. of N. Y. Cornely *vs.* Marckwald. Decision. Wheeler, J. U. S. circuit court. Filed Nov. 21, 1882. Joseph M. Deuel, clerk.

40 At a term of the circuit court of the United States of America for the second circuit and southern district of New York held at New York city on the 22d day of November, 1882.

Present: The Honorable Hoyt H. Wheeler, judge.

EMILE CORNELY, Complainant,
vs.
FREEMAN D. MARCKWALD, Defendant. } In Equity.

This cause came on to be heard at the October, 1882, term of this court, and was argued by counsel for the respective parties and held by the court under advisement until November 21, 1882.

Now, therefore, upon consideration thereof, on motion of Turner, Lee & McClure, solicitors for complainant, it is ordered, adjudged, and decreed that the letters patent No. 83910, dated November 10th,

1868, granted to Emile Cornely, as assignee of Antoine Bonnaz, for improvement in sewing-machines for embroidering, is a good and valid patent; that said Bonnaz was the original and first inventor of the improvements therein described and claimed, and also that the said defendant has infringed upon the said patent and upon the exclusive rights of the complainant under the same as the owner thereof.

And it is further ordered, adjudged, and decreed that the complainant do recover of the defendant the profits, gains, and advantages which the said defendant has received or which have arisen or accrued to him from said infringement of the said
41 patent by the manufacture, use, or sale of the improvements described and secured by the said letters patent No. 83910 since November 10th, 1868, and also such damages, in addition to said profits, as the complainant may have sustained by reason of said infringements.

And it is further ordered, adjudged, and decreed that the said complainant do recover of the defendant his costs and charges and disbursements in this suit, to be taxed, including all the expenses of the reference, as to profits and damages, hereinafter directed.

And it is further ordered, adjudged, and decreed that it be referred to John A. Shields, Esq., as master *pro hac vice* of this court, residing in the city of New York, to ascertain, and take, and state, and report to the court an account of the gains, profits, and advantages which the said defendant has received or which have arisen or accrued to him since November 10, 1868, from infringing the said exclusive rights of the said complainant by the manufacture, use, and sale of the said improvements patented in the said letters patent, and also what damages in addition thereto the complainant has sustained by reason of said infringements, leaving all questions as to increase of damages until the coming in of the report of said master.

And it is further ordered, adjudged, and decreed that the complainant on such accounting have the right to cause an examination of said defendant, *ore tenus* or otherwise, and also the production of the books, vouchers, and documents of the defendant, and that the said defendant attend for such purpose before said master from time to time as said master shall direct.

And it is hereby further ordered, adjudged, and decreed that a perpetual injunction be issued, strictly commanding and enjoining the said defendant, his clerks, attorneys, servants, agents, and
42 workmen, under the pains and penalties that may fall upon them and each of them in case of disobedience, that they forthwith desist from making, manufacturing, using, or selling, in violation of said letters patent, any sewing-machine for embroidering known as the Bariquand et Fils et Bonnaz machines or any other machines for embroidering containing the improvements substantially as described and claimed in the said letters patent.

(Signed) HOYT H. WHEELER.

(Endorsed:) U. S. circuit court, southern district of New York. Emile Cornely *vs.* Freeman D. Marckwald. Decree for accounting

and perpetual injunction. Turner, Lee & McClure, sol'rs for complainant. U. S. circuit court. Filed Au. 22, 1882. Joseph M. Deuel, clerk.

43 *Master's Report. Filed March* 21, 1884.

Circuit Court of the United States for the Southern District of New York.

EMILE CORNELY
vs.
FREEMAN D. MARCKWALD.

To the judges of the circuit court of the United States for the southern district of New York:

Under and pursuant to the decretal order made and entered herein November 22d, 1882, I have been attended by Mr. William H. L. Lee, of counsel for the complainant, and by Mr. William A. Coursen, of counsel for the defendant, and I have taken, considered, and return herewith all the evidence that was presented upon the questions referred.

From such proofs it appears that the defendant sold twenty-six infringing machines, realizing therefrom different amounts of profit, as follow:

4	machines, at a profit of	$2.38	each		$9 52
17	" " "	5.20	"		88 40
5	" " "	9.00	"		45 00
26	machines, at a total profit of				$142 92

44 I therefore find and report that the defendant made a profit by reason of such infringement of one hundred and forty-two dollars and ninety-two cents.

There was no contest upon this point, the data being furnished by the defendant and acquiesced in by the complainant.

Damages.

From the evidence before me it appears that the complainant has been active and persevering in protecting his rights under the patent in question, and that especial pains were taken to give information thereof to every manufacturer whom he deemed likely to use the patented machine. Whether any of the many circulars and postal cards reached the defendant or came to his attention the proofs of the complainant fail to show. The contrary is to be presumed from the positive statement of the defendant that he was unaware that he was infringing in any way upon complainant's patent or upon any one's rights until about November, 1881. The infringing machines were all sold between August 11th, 1880, and August 4th, 1881. There is therefore no ground for holding that he was a

wilful and deliberate infringer, as contended by plaintiff's counsel, and that all doubts and difficulties should be resolved against him.

It further appears from the evidence that complainant has instituted ten suits against other infringers upon the patent in question, all of which, with one exception, were settled on the basis of fifty dollars for each infringing machine. The counsel for complainant claims that this affords a proper measure of damages in the present case on the basis of a fixed and established license fee.

There was a deviation in one instance, which, as appears
45 from the testimony of Mr. Lee, was because that case presented "circumstances of exceptional hardship," but what those circumstances were or whether they differed in any respect from those presented in this case I am unable to ascertain.

It does not appear that licenses were issued to any one other than in the settlement of a suit. It nowhere appears that plaintiff had adopted the sum of $50, upon the payment of which he was prepared to grant a license to any and all who wished to use the invention.

In view of the reasons for defeating an established license fee in the case of Black *vs.* Munson, 14 Blatch., 265, I am of the opinion that the facts in this case do not warrant me in measuring the damages upon the datum of a fixed and established license fee. The plaintiff's claim in this respect is accordingly disallowed.

Another means of computing the damages insisted upon by the complainant is the enforced lowering of prices necessary to compete with the defendant.

The master considers the rule in this respect well settled, where the facts will support the conclusion that the lowering of prices was solely due to the conduct of the defendant. From the schedules of sales put in evidence by the plaintiff, and made up from his books, it appears that from January 14th, 1878, up to August 11th, 1880, the prices at which he sold his machines fluctuated between $133.33, the lowest, and $166.25, the highest, a large number being sold at $135 and $140, the highest price above referred to being early in 1878 and the lowest price being just eleven days prior to the first sale made by the defendant. Between the first and last sale made by the defendant the prices of complainant ranged between $105 and $157.50, the average price being $136.60; prior thereto the average price had been about $147. From the date of the last sale by the defendant, August 4th, 1881, to November 22d,
46 1882, the average price obtained by plaintiff was about $133.50. This comparison of prices in connection with the large number of machines sold by the plaintiff and the small number sold by the defendant hardly warrants the conclusion that the reduction was solely due to the acts of the defendant. They doubtless contributed in a measure to the general result, but it would be purely conjectural to say how much.

The whole reduction not being caused by the acts of the defendant, it was incumbent upon plaintiff to show how much he was responsible for, and failing to show this, no basis for a conclusion is furnished.

Ingersoll *vs.* Musgrove, 14th Blatch., 541.

Complainant, in addition to the foregoing claims, insists that he was damaged from loss of sales.

It appears from the evidence that the defendant made all his sales to the customers of the complainant. This is uncontradicted. The complainant therefore claims that but for the acts of the defendant he would have sold twenty-six additional machines. I think the circumstances justify such a conclusion, and the measure of damage is therefore the profit of which he has been deprived on twenty-four machines, two of those sold by the defendant having been settled for. To accurately compute such damages it is necessary to ascertain first what profit the complainant actually made. Here the proofs signally fail. I am not informed by the record of the cost of these machines, a very essential factor in the problem. The complainant contends that because it is shown that the infringing machines cost the defendant a certain sum that can be taken as the cost of the plaintiff's machines. For aught that appears before me, the complainant's machine may have cost to manufacture much more than the infringing machine. It is to be presumed that plaintiff knows exactly what his machines cost to manufacture or
47 could ascertain beyond peradventure from records in his possession. Failing to furnish the necessary data for determining the profits made by him on his machine, I am unable to ascertain the amount of damages to which he is entitled.

From this failure of proof I am compelled to find and report that, beyond the nominal sum of six cents, I am unable to assess the damages sustained by the complainant by reason of the defendant's infringement.

All of which is respectfully submitted.

Dated New York, December —, 1883.

Counsel for the complainant filed objections, hereto annexed, to my draft report; which objections, upon careful consideration, I overrule, and sign the foregoing as my final report.

March 21st, 1884.

JOHN A. SHIELDS,
Master, etc.

Complainant's Objections to Draft Report Annexed to Master's Report.

U. S. Circuit Court, Southern District of New York.

EMILE CORNELY
vs.
FREEMAN D. MARCKWALD.
} Before John A. Shields, Esq., Master.

48 Complainant submits the following objections to the draft report of John A. Shields, Esq., master, &c.:

I. In that the master has found that there is no ground for holding defendant to be a wilful and deliberate infringer.

Marckwald is defendant only in name. He is guaranteed against loss by a responsible firm, Bariquand et Fils et Bonnaz, of which Antoine Bonnaz is a member, who is the assignor to the plaintiff of

the patent in suit. They are the real defendants, and they cannot pretend ignorance of the complainant's rights.

II. The complainant objects, in that the master has found that the facts in this case will not warrant the measuring of the damages upon the datum of a fixed and established license fee.

The question as to whether a license fee is fixed and established is generally a question of law.

The fact that in one case $30 each was accepted as a license fee for a few machines in place of $50 because of a defendant's poverty and under circumstances of exceptional hardship does not prevent the establishment of a license fee of $50. The licensing of said machines was on or about October 8, 1877, prior to the time that the license fee of $50 became established. At that time the suit against Wellens had just been begun. No license had ever been previously granted, and no other was granted until August, 1878, when Wellens paid $50 each for a license for his machines. From that time until the present time every license has been granted upon the fixed and uniform basis of $50 per machine, regardless of the number of the machines, the ability of the defendants to contest, or any other consideration. It is immaterial that this license fee was paid after suits were begun. They were all settled amicably. The minds of the parties met, and in each case an agreement resulted, fixing
49 $50 as a license fee. How could it be more thoroughly established? We can find no case where the proofs show such trifling deviation from the fixed rule (the sole instance being on account of poverty and peculiar hardship), and where the proofs show that license fees had been paid at one fixed, uniform rate for all other infringing machines in the United States.

In the case at bar there is no suggestion of poverty or circumstances of hardship. On the contrary, the defendant's position is exceptionably favorable, in that he is guaranteed from loss by a responsible firm.

Black *vs.* Munson, 14 Blatch., 265, is cited as an authority that the license fee had not become fixed. In that case the plaintiff admitted that there was no fixed license fee; that he granted licenses for sums which varied from $100 to $2,500, and that none of his licenses contained any limitation as to the extent to which the invention should be used. The court justly says: "No price can be said to be fixed or royalty established where the patentee varies his prices according to the courage or the ability to resist of the infringer, or where there are other circumstances showing the absence of a a fixed or established fee."

In the case at bar it is shown that every license granted was limited to an individual machine; that the license fee was never varied from the time it first became established; that for more than five years the plaintiff continuously granted licenses until he had licensed every infringing machine in the country; that the only occasion when a different license fee had been accepted was before the license fee of $50 was established, and that a smaller sum was accepted "because of defendant's poverty." The defendant did not

cross-examine as to this. If his case and that of Henderickx were similar it was his duty to have shown it.

Even if the plaintiff could be made to suffer for his gen-
50 erosity to Henderickx, it is not apparent how the master would be justified in refusing to find that the plaintiff had proved an established license fee of at least $30.

III. The complainant objects, in that the master has found that the comparison of prices of sales in connection with the large number of machines sold by the plaintiff and the small number sold by the defendant hardly warrants the conclusion that the reduction was solely due to the acts of the defendant, and in that the master found that the latter reduction, not being caused by the acts of the defendant, it was incumbent upon the plaintiff to show how much the defendant was responsible for, and, failing to show this, no basis for a conclusion was furnished, citing as authority Ingersoll *vs.* Musgrove, 14 Blatch., 541.

The sole proofs bearing upon this subject are those offered by the plaintiff, which show that the plaintiff's and defendant's machines were precisely alike; that they are the only sewing-machines in the market which embroider; that the defendant and his customers were the only infringers; that the defendant sold his machines exclusively among the plaintiff's customers at prices varying from $93.38 to $100; that the plaintiff's prices prior to defendant's infringement varied from $133.33 to $166.25, the average being about $147. Mr. Thompson, when asked what was the effect of the sales made by the defendant at such greatly reduced prices, replied that he was forced to lower his prices to meet the market; but the proofs show that in not one single instance was his lowest price ($105) as low as the highest price of the defendant ($100). Even at his reduced prices he lost sales.

It was natural that his customers should decline to pay from $105 to $157.50 for machines which they knew had been and were
51 being sold for less than $95. The number of the defendant's sales was sufficient to demoralize the market. The plaintiff showed great firmness in making only the small reduction that he did, averaging about thirteen dollars a machine; his own average prices, as reduced, being about $133.50, while defendant's were about $95.50. No evidence was offered by defendant to contradict or modify this in the least. It was his duty to give evidence of such facts if they existed. The proofs show, without contradiction, that there was a reduction, and that this reduction was forced upon the plaintiff during a time when the country was in the greatest prosperity and when the prices of everything else were going up. There is no evidence to show that the lowering of prices was influenced by any cause other than the defendant's infringement. Without some proof of the fact such finding, based on mere conjecture and guess-work, is not proper.

The price-list of a patented article cannot be handled roughly, and when a patentee's own customers are approached by an infringer and his identical machines are offered for sale and sold at a reduction of over fifty dollars from the patentee's average price

theretofore ($147), and these machines are scattered around among the patentee's own customers in small lots, the only surprising thing is that the patentee is not forced to reduce his own prices to a greater average extent than thirteen dollars or thereabouts. Couple with this the defendant's failure to introduce any proof to show any other causes of the reduction, with ample opportunity to do so, and the conclusion is forced upon us that the plaintiff was compelled to lower his prices by the defendant's infringement, and that the latter, in the absence of any evidence tending to show that other causes might have intervened, was an abundantly sufficient cause for the result.

This case is precisely like Sargent *vs.* Yale Lock Company, 17 Blatch., 245, where similar damages reported by the master were sustained.

52 In Ingersoll *vs.* Musgrove, the patent covered but a small improvement on a metallic cuspidore, being an arrangement of a heavy bottom, by which it was self-righting. The proofs showed that there were many others infringers besides the defendants; that there were numerous popular styles of cuspidores not included within the plaintiff's patent which were introduced on the market after defendant began to infringe, and that under the plaintiff's lowering of prices his sales had enormously increased. There were numerous other less important causes tending to the same result. The plaintiff undertook to apportion these various causes, and swore that of the instrumentalities which had forced the lowering of prices a certain percentage was due to the defendant's infringement. Upon being cross-examined he was asked to explain and give details, and replied that he could not. His answer was, "I bulk it." Nothing more definite could be obtained from him. The master then made his estimate as to what percentage of the reduction the defendant had caused. It was, of course, mere guess-work, and the court properly set it aside as based upon mere conjecture. The defendant proved on the plaintiff's cross-examination that there were numerous causes which conduced to the reduction besides defendant's infringement, and defendant introduced evidence showing still other causes conducing to the same result. His patent covered but a small part of the machine; the extent of his losses was doubtful; what he had lost from lowering his prices he had in part and perhaps wholly gained by the increase of sales. The evidence showing that the causes for this reduction were numerous and varied, the court cast upon the plaintiff the burden of proving what his real loss was, and what percentage of the loss which arose from the varied causes proved was due to the single cause that the defendants alone
53 were responsible for, viz., their own infringement; and upon a failure to do that otherwise than by mere guess-work on the part of the master, the report was set aside.

Ingersoll *vs.* Musgrove is authority for this, that when many causes of law are in evidence, one of which is defendant's infringement, it is plaintiff's duty to fix definitely the amount of injury caused by defendant. It is not an authority for the proposition that a plaintiff is required to go outside of the record and show what proportion of his loss was due to causes other than the defendant's

infringement when the proofs do not even suggest that any such cause exists. But it is an authority for preventing the master from making any finding whatever based on conjecture, which is the only basis in this case for supposing the existence of any cause other than defendant's infringement.

IV. The complainant objects, in that the master has found that he is unable to ascertain the amount of damages to which the complainant is entitled on account of his loss of sales, owing to the defendant's infringement.

V. The complainant objects, in that the master has not found for the plaintiff in the sum of twelve hundred dollars damages, such damages being measured by a fixed royalty of fifty dollars per machine on each machine sold by the defendant.

VI. The complainant objects, in that the master has not found for the plaintiff in the sum of seven hundred and twenty dollars damages, said damages being measured by a fixed royalty of not less than thirty dollars per machine sold by the defendant.

VII. The complainant objects, in that the master has not found for the plaintiff in the sum of $3,598.22 damages on account of the forced lowering of his prices by reason of the defendant's infringement.

54 VIII. The complainant objects, in that the master has found that he is unable to report the amount of damages which the complainant is entitled to recover by reason of his loss of sales occasioned by defendant's infringement.

The complainant objects, in that the master has not found for the plaintiff in the sum of $1,200 damages on account of his loss of sales occasioned by the defendant's infringement.

IX. The complainant objects, in that the master has found that, beyond the nominal sum of six cents, he is unable to assess the damages sustained by the plaintiff by reason of the defendant's infringement.

TURNER, LEE & McCLURE,
Complainant's Solicitors.

Exceptions to Master's Report. Filed March 29, 1884.

Circuit Court of the United States for the Southern District of New York.

EMILE CORNELY
vs.
FREEMAN D. MARCKWALD. } In Equity.

Exceptions to master's report.

Emile Cornely, the above-named complainant, takes the following exceptions to the report of John A. Shields, Esq., master, &c., filed in this court on the 21st day of March, 1884, pursuant to the

55 provisions of an interlocutory decree heretofore entered herein:

I. In that the master has found that there is no ground for holding the defendant to be a wilful and deliberate infringer.

II. In that the master has not found that the defendant, Freeman D. Marckwald, is the defendant only in name, and that he is guaranteed against loss by a responsible firm, Bariquand et Fils et Bonnaz, of which firm Antoine Bonnaz is a member, who is the assignor to the plaintiff of the patent in suit.

III. In that the master has not found that the said firm of Bariquand et Fils et Bonnaz wilfully induced the defendant to infringe upon the plaintiff's patent.

IV. In that the master has found that the facts in this action will not warrant the measuring of the damages sustained by complainant upon the datum of a fixed and established license fee.

V. In that the master has not found that at the time of the infringement by the defendant there was an established license fee of fifty dollars upon each infringing machine sold by the defendant.

VI. In that the master has not found for the complainant in the sum of twelve hundred dollars damages, such damages being measured by a fixed royalty of fifty dollars for each infringing machine sold by defendant.

VII. In that the master has not found that at the time of the infringement by the defendant there was an established license fee of not less than thirty dollars upon each infringing machine sold by defendant.

56 VIII. In that the master has not found for the complainant in the sum of at least seven hundred and twenty dollars damages, such damages being measured by a fixed royalty of not less than thirty dollars for each infringing machine sold by defendant.

IX. In that the master has found that the comparison of prices of sales of machines sold by complainant and by defendant, respectively, in connection with the large number of machines sold by the plaintiff and the smaller number sold by the defendant, does not warrant the conclusion that the reduction of prices was solely due to the acts of the defendant.

X. In that the master has found that only a part of the reduction of said prices was caused by the acts of the defendant, and that it was incumbent upon the plaintiff to show how much the defendant was responsible for, and, failing to show this, that no basis for a conclusion was furnished.

XI. In that the master has not found that the reduction of prices of sales of complainant's machines which occurred subsequent to the commencement of the defendant's infringement was forced upon the plaintiff by the acts of the defendant, and that the defendant is responsible therefor.

XII. In that the master has not found that there is no evidence to show that the said lowering of prices was influenced by any cause other than the defendant's infringement.

XIII. In that the master has not found that in the absence of evidence showing some cause contributing to the said lowering of prices other than the defendant's infringement he was not justified

in finding that such other cause existed, because such find-
57 ing must necessarily be based on mere conjecture and estimate.

XIV. In that the master has found that he is unable to ascertain the amount of damages to which complainant is entitled on account of the forced lowering of prices of the complainant's machine, caused by the defendant's infringement.

XV. In that the master has not found for the plaintiff in the sum of three thousand five hundred and ninety-eight $\frac{23}{100}$ dollars damages on account of the forced lowering of his prices by reason of the defendant's infringement, the same being an average reduction of $13.95 upon the sale of 258 machines.

XVI. In that the master has found that he is unable to report the amount of damages which the plaintiff is entitled to recover by reason of his loss of sales occasioned by defendant's infringement.

XVII. In that the master has not found for the plaintiff in the sum of at least twelve hundred dollars damages on account of his loss of sales occasioned by the defendant's infringement, the same being an average loss of fifty dollars upon each machine the sale of which was lost by reason of the defendant's infringement.

XVIII. In that the master has found that beyond the nominal sum of six cents he is unable to assess the damages sustained by the plaintiff by reason of the defendant's infringement.

Dated March 29, 1884.

TURNER, LEE & McCLURE,
Complainant's Solicitors.

58 *Testimony Taken Before the Master.*

U. S. Circuit Court, Southern District of New York.

EMILE CORNELY
vs.
FREEMAN D. MARCKWALD.

Reference before John A. Shields, master *pro hac vice.*

NEW YORK, *November* 25, 1882.

Met pursuant to notice, at room 78, in the post-office building, N. Y.

Present: The master; Mr. Lee, counsel for complainant; Wm. A. Coursen, counsel for defendant.

Counsel for complainant offers in evidence all the filed papers herein and the testimony heretofore taken herein.

WILLIAM H. L. LEE, being produced and sworn as a witness on behalf of complainant, says:

I am a member of the firm of Turner, Lee & McClure, and have been since May 1, 1876. I have for the most part taken charge of suits brought upon letters patent No. 83910, on which this suit is

brought, and I am well acquainted with the proceedings had in all the suits brought on this patent. To the best of my belief there never was any litigation on said letters patent before my firm brought suit thereon. The first suit brought was against Norbert J.
59 Henderickx. The bill was filed December 9, 1876. This suit was contested. Messrs. Coudert Bros. appeared for the defendant. A motion for preliminary injunction was argued May 19, 1877, before the Hon. Samuel Blatchford. The motion was granted, and an order for preliminary injunction was entered May 23, 1877. Thereafter, and on June 16, 1877, a motion was made for a reargument of the motion for injunction, which, at the conclusion of the argument, was denied. Thereafter, and on or about October 8, 1877, a decree for complainant was entered herein. This suit was settled, so far as the machines at that time or theretofore in possession of the defendant were concerned, the facts regarding which I will state hereafter.

The next suit brought on said patent was *vs.* Jules C. Wellens. The bill was filed October 4th, 1877.

The defendant appeared by Chas. Howson, Esq., of Philadelphia, and filed an answer and defended the suit. A motion for preliminary injunction was made and granted on June 25, 1878, on or about which day an order for preliminary injunction was entered; thereafter and on August 26, 1878, a decree was entered in favor of the complainant. Both the decrees referred to sustained said letters patent.

A money payment of damages was made licensing a certain number of machines.

The next suits were against Chas. Spencer & Co., in the eastern district of Pennsylvania, the Boston Manufacturing Company of Waltham, in the district of Massachusetts, and the Otis Company of Ware, in the same district.

The bills in all these cases were filed December 4, 1878. In the first case the defendants paid $400, and eight machines were licensed. In the next case the defendants paid $800, and sixteen machines were licensed. In the last case the defendants paid $250, and five machines were licensed, and subsequently paid $150 more as a license fee upon three machines, which at first they claimed
60 were not an infringement of the patent. In all three of these cases decrees were entered in favor of complainant.

On February 10, 1879, bills were filed in the eastern district of Pennsylvania *vs.* Conyers Button and Theodore A. Fleu, and against Jesson & Hannifen. The defendants settled these cases; in the first two machines were licensed; in the second six machines were licensed at the rate of $50 a machine. Decrees in favor of complainant were entered sustaining the patent. On March 8, 1879, a bill was filed *vs.* The Martin Landenberger Manufacturing Company and others, in the eastern district of Pennsylvania.

This case was settled and the defendants paid $500 as a license fee for ten machines at the rate of $50 apiece, and a decree was entered in favor of the complainant.

On July 14, 1879, a bill was filed *vs.* Hermann Heller, in the

eastern district of Pennsylvania. The defendant paid $100 as a license fee for two machines, and a decree was entered in favor of the complainant. On the same day and in the same district a bill was filed against Wanamaker & Brown, which was settled by payment of license fee of fifty dollars for one machine, and a decree was entered in favor of the plaintiff. The infringement in all these cases was what was known as Pettit machines, with the exception, perhaps, of the suit *vs.* The Otis Company, in which there was a modified form of machine, the maker of which I do not know.

Pursuant to instructions received from Mr. Cornely, the complainant, suit had been brought against every infringer of his patent who could be ascertained.

Exceptional efforts were made under my direction to ascertain infringement, and by the time the suits that have been mentioned were all settled—that is, about October, 1879—there was not
61 an infringing machine in the United States, as far as could be ascertained, that had not paid royalty upon the plaintiff's patent. All of the settlements made were at the rate of fifty dollars license fee for each machine licensed, except in the case of Henderickx. In his case we were convinced that it was impossible for him to pay as much as fifty dollars, and there were circumstances of exceptional hardship, and a smaller sum, I think thirty dollars a machine, was accepted for a few machines.

All the machines that were attacked had been imported into this country. There never was any manufacture of infringing machines in this country, as far as could be ascertained, and after the result of the suit *vs.* Wellens importation of infringing machines ceased, so far as could be ascertained, until the infringement complained of in this suit began. There was some delay in commencing this suit, owing to a mistake as to some matters of fact involving correspondence, Mr. Cornely being in Europe. The infringing machine in this case is what is known as the Bariquand et fils et Bonnaz machine. Suits have been brought for infringement of the plaintiff's said letters patent for the use of said last-mentioned machines against the following persons, all of which have resulted in favor of the plaintiff, and in all of which decrees were entered sustaining the plaintiff's patent against Moritz Cohn, in the southern district of New York, and *vs.* Jacob Graf, in the same district.

In these two cases the same identical machines were involved, the ownership of the machines at the time of the commencement of the suit not being known. Settlement was made by payment of license fee of $50 for each machine; in all, $350. Lefort Bros.—The bill in this case was filed November 10, 1881, in the southern district of New York. It resulted in a decree being entered in favor of the complainant, and payment of $50 apiece as a license fee for six machines.

62 Warner Bros.—The bill in this case was filed the same day, the same district, resulted in a settlement and payment of $50 apiece as a license fee for two machines. Affidavits were taken in all these cases as to the extent of infringement. There are no cases pending undecided at the present time on the plaintiff's

patent except two *vs.* customers of the defendant, and defended by him, as I understand, in which the proofs in this case are admitted by stipulation as proofs for final hearing in the two cases referred to. These cases are *vs.* Theodore C. Bates, in the district of Massachusetts, and *vs.* Isaac W. Birdseye. As far as I have been able to ascertain, after careful inquiry, the defendant was the first to import infringing machines into this country, after such importation had ceased, for many years.

Prior to the appearance in this country of the Bariquand et fils et Bonnaz machines the acquiescence in and enforcement of the plaintiff's rights under the letters patent in suit was more perfect than I have ever known to be the case with any other patent, and I have been extensively engaged in patent litigation for ten years past.

Cross-examination:

There never was any contest, in the nature of evidence, in any of the suits mentioned, so far as the evidence for final hearing was concerned.

In the suit against Henderickx there was evidence introduced on defendant's behalf on the motion for injunction. There were no disputed questions of fact in that case on the motion; at the same time every defense that I have ever heard seriously raised or suggested was introduced on that motion. In all the cases I have mentioned there was no serious contest made, except as above stated, in the Henderickx case.

In the Wellens case an answer was interposed, but no tes-
63 timony was taken for defendant. In all the cases I have mentioned the payments were for license and did not involve any sale of machines. License tags were furnished by plaintiff at the time of the settlements, with an agreement that they should be affixed to the machines of the respective defendants, which could be identified by their numbers.

The amount of the license fee in each case was agreed upon between the parties; it was not fixed by the court. The sum of $50 was fixed upon, as I understood it, because the plaintiff manufactured machines under the patent very extensively, and it was estimated that there was a profit of $50 upon each machine that he sold himself, due to its patented features, over and above an ordinary manufacturer's profits.

I have personally no knowledge as to the cost of manufacture or the reasonable amount of profit of ordinary manufacturing of that nature. I do not remember what the mistake of fact was which caused delay in commencing suit, nor, upon talking it over with my partner, can I ascertain. As far as I am personally concerned, I never did know, and I do not think my partner ever knew.

W. H. L. LEE.

Sworn before me—
JOHN A. SHIELDS,
Master, &c.

LUCAS THOMPSON, being produced as a witness and sworn on behalf of complainant, says:

I am of lawful age and reside in the city of New York. I am the exclusive agent in this country for the sale of the machines for embroidering made by the plaintiff and covered by the letters patent in suit and known as Bonnaz machines. I have read the deposition of William H. L. Lee.

64 Q. Please state what you did in reference to notifying the trade of the fact that the machines for embroidering sold by you and made by Bonnaz and known as the Bonnaz machine were protected by patent.

A. We had circulars, samples of which I produce, postal cards, and cards printed and sent them to all parties that were using similar machines or whom we thought would be likely to use such machines in their business. We distributed a large number of said circulars at the Philadelphia Centennial Exhibition, in 1876, where we had our machine on exhibition. We sent either circulars or postal cards to all the hosiery, corset, and woolen manufacturers in the United States whose addresses we could procure. I began to do this in July, 1876. I produce a sample of the first circular sent out.

Circular offered in evidence and marked Complainant's Exhibit Circular No. 1, November 25, 1882, J. A. S., master.

Witness continues:

The exhibit is not one of the identical circulars, but is from the same frame, the address being different. In the spring of 1877 I sent out another circular, which I circulated very extensively. I produce a sample of this circular.

Circular offered in evidence and marked Complainant's Exhibit Circular No. 2, November 25, 1882, J. A. S., master.

I produce a sample of the postal card which I first sent out in the centennial year as aforesaid.

Postal card offered in evidence and marked Complainant's Exhibit Postal Card No. 1, November 25th, 1882, J. A. S., master.

65 I produce a business card which I had printed about the same time, which was very extensively distributed.

Card offered in evidence and marked Complainant's Exhibit Business Card, November 25th, 1882, J. A. S., master.

I also produce a sample of the postal card which I sent out in the latter part of 1876 or first part of 1877.

Postal card offered in evidence and marked Complainant's Exhibit Postal Card No. 2, November 25, 1882, J. A. S., master.

When the postal card No. 1 was exhausted postal card No. 2 was struck off.

Q. After the favorable result in the suit *vs.* Henderickx what did you do in reference to notifying the trade?

A. We had a copy of the injunction and decree printed, with a circular attached to it stating the result of the suit, a sample of which I here produce.

Paper referred to offered in evidence and marked Complainant's Exhibit Henderickx Circular, November 25th, 1882, J. A. S., master.

Witness resumes:

This was circulated extensively among the trade just as were the other circulars. I caused a copy of it to be mailed to every address I could find in the United States of parties likely to use or sell such a machine.

Q. After the result of the suit *vs.* Wellens what did you do in reference to notifying the trade?

A. I had the paper which I now produce printed and had it circulated in the same manner as the Henderickx circular.

66 Paper referred to offered in evidence and marked Compl't's Exhibit Wellens' Circular, Nov. 25, '82, J. A. S., master.

Q. Who is the Bonnaz, of the firm of Bariquand et Fils et Bonnaz, who manufacture the machines sold by defendant?

A. Bonnaz, the inventor from whom Mr. Cornely procured an assignment of patent in suit No. 83910.

Q. What are Mr. Bonnaz's relations to Mr. Cornely?

A. I understand there are difficulties between them, and unfriendly feeling.

Q. How close is the resemblance between the machines as made by Mr. Cornely and those sold by the defendant?

A. They are substantially the same. A great number of the parts are interchangeable between the two machines, and the purposes for which they are used are exactly the same.

Q. After the favorable result in the Wellens case were there, as far as you are aware, any importations of machines infringing the plaintiff's patent until the defendant began to import?

A. No.

Q. Is your business such that if there had been it would have come to your knowledge?

A. I make diligent efforts to inform myself of any infringements, and feel confident that I should have learned of any infringements had they existed.

Q. Have any infringing machines been manufactured in this country, to the best of your knowledge?

A. No.

Cross-examination reserved.

Adjourned to Wednesday, November 29, 1882, at 11 o'clock a. m.

67 NEW YORK, *November* 29, 1882—11 o'clock a. m.

Met pursuant to adjournment.

Present: Counsel as before.

Adjourned to December 4, 1882, at 11 o'clock a. m.

NEW YORK, *Dec.* 4, 1882—11 o'clock a. m.

Met pursuant to adjournment.

Present: Counsel as before.

FREEMAN D. MARCKWALD, being produced and sworn as a witness on behalf of complainant, says:

I am the defendant herein. I have sold twenty-six (26) of the Bariquand et Fils et Bonnaz machines for embroidering; I have received for them $2,508.92. The first sale was August 11, 1880, four (4) machines to the Worcester Corset Company; the next sale, August 19, 1880, two (2) machines to Bassett's Corset Company; the next, January 27, 1881, four (4) machines to I. W. Birdseye & Company; the next, March 12, 1881, three machines to Warner Brothers; the next, March 12, 1881, eight machines to I. W. Birdseye & Company; the next, March 12, 1881, one machine to Brewster Brothers; the next, June 20, 1881, one machine to Litchfield & Haskell; the next, August 4, 1881, three machines to Thomson, Langdon & Company. I have no such machines on hand at the present time.

The way I came to sell these machines was that I received a letter from my Paris house, C. W. May, Firnhaber & Company, to offer these machines for sale. I think this was some time in 1880,
68 and I sent an order for a certain number of machines. I was abroad in the summer of 1881, and then personally saw Messrs. Bariquand et Fils et Bonnaz about these machines and the claims made against me on account of the sale of the same. They agreed to protect me in the sale of these machines and save me harmless. The Messrs. Bariquand have the reputation of being men of large means. I have no personal knowledge on the subject, however. I certainly should expect them to pay any judgment that might be obtained against me.

Counsel for complainant admits that two of the machines sold to Warner Brothers have been settled for in full.

Cross-examination:

The first information I had in regard to the indemnity of the Bariquand, Son & Bonnaz was had, as far as I recollect, after those to whom I sold the machines in this country were threatened by the complainant in this action with suits for infringement upon his (complainant's) rights as patentee. I sent word of such impending suits to my parties in France, and I believe that they then, if not before, obtained assurances of such indemnity from Bariquand et Fils et Bonnaz.

I have as yet received no amount for indemnity from anybody.

In my sales of the machines my profits were severally as follows:

Aug. 11, 1880.—Worcester Corset Co., four machines; the cost of each machine, $91, and the profit on each machine was $2.38.

Aug. 19, 1880.—Bassett's Corset Co., two machines; the cost of each, $91; the profits on each, $5.20.

Jan. 29, 1881.—I. W. Birdseye & Co., four machines, costing $91 each; the profits on each, $5.20.

Mar. 12, 1881.—Warner Brothers, three machines, costing $91 each; the profits on each, $5.20.

69 Mar. 12, 1881.—I. W. Birdseye & Co., eight machines, costing $91 each; the profits on each, $5.20.

Mar. 12, 1881.—Brewster Brothers, one machine, costing $91; the profits, $9.

June 23, 1881.—Litchfield & Haskell, one machine, costing $91; the profits, $9.

Aug. 4, 1881.—Thomson, Langdon & Co., three machines, costing $91 each; the profits, $9 each.

In selling these machines to all these parties I had no knowledge that I was infringing the complainant's patent or was in any manner or way interfering with his or any other person's rights of any kind or nature. I have not sold any machines since the commencement of the suit against Birdseye, in November 1881, and I had no knowledge that I was infringing in any way upon the patent of the complainant or against his or any person's rights of any kind until or about the commencement of the suit against Birdseye.

The suits against Theodore C. Bates (Worcester Corset Co.) and I. W. Birdseye were, as I understand it, in regard only to the machines which I sold them respectively.

FREEMAN D. MARCKWALD.

Sworn before me—
JOHN A. SHIELDS,
Master, &c.

Adjourned till to-morrow, Tuesday, December 5, 1882, at 3.15 p. m., the same place.

70 NEW YORK, *Dec.* 5, 1882—3.15 p. m.

Met pursuant to adjournment.

Present: Counsel as before.

LUCAS THOMPSON, being further examined by complainant's counsel, says:

I have heard read the depositions of the defendant taken herein yesterday. In it it appears that the average price at which the defendant sold his machines was less than one hundred dollars.

Q. The defendant began to sell infringing machines in August, 1880. Will you please state what were the prices at which you sold the plaintiff's machines prior to that time?

A. Our regular price was one hundred and fifty-seven dollars and fifty cents. If parties took a quantity of the machines we made a reduction of the price. The lowest price was one hundred and thirty-five dollars. This was an import order for thirty machines to be taken and paid for immediately on arrival. There was no other sale as low as that, but some few at one hundred and forty dollars, but the average would be from one hundred and forty-five to one hundred and fifty dollars. This was the case for three years

previous, so far as I can remember.

Q. What was the course of the prices of the plaintiff's machines in the latter part of 1880?

A. We found we were losing sales by parties saying they could get cheaper machines; they said they could buy the machines for one hundred dollars; they left the store without buying. When we found that the parties did not return to make purchases we dropped our prices to try and secure sales.

Q. What was the extent of your sales in 1881?

A. 175 machines.

71 Q. What was the extent of your sales in 1882 to the present time?

A. 160 machines.

Q. How have your prices ranged in 1881 and 1882?

A. We sold some machines as low as one hundred and five. We have sold no machines, excepting a few single machines, as high as one hundred and fifty-seven and a half. The prices would average from one hundred and twenty to one hundred and twenty-five dollars.

Q. Were you prepared to supply the market and fill any orders that might have been given you during the last two years?

A. Yes.

Q. Are you aware of any one else from whom infringing machines could be purchased other than the defendant during the years from August, 1880, down to the time he stopped selling in the United States?

A. No.

Q. If there had been any one else is your business such that you would have known it, to the best of your belief?

A. I feel confident I should have heard of it.

Q. Well, then, as I understand it, the parties who bought of the defendant either had to buy of you or of him or go without machines, so far as you know?

A. They bought them themselves if they knew where to go for them. They could have imported them; but there was no place in this country to buy them, so far as I know.

LUCAS THOMPSON.

Sworn before me—
JOHN A. SHIELDS,
Master, &c.

Complainant rests his *prima facie* case.

Adjourned *sine die.*

72 Defendant to give one day's notice that his case is closed, or to take testimony within one week.

Since my last examination I have prepared statements showing all our sales of Bonnaz embroidering machine for 1878, 1879, 1880, 1881, and 1882, showing date of sales, number of machines, names of purchasers, and prices paid. These statements are taken from

our books, and are correct and true. In 1878 there were 78 machines sold at average price of $149.96; in 1879, 163 machines at average price $147.58; in 1880, 120 machines at $146.92, average price; in 1881, 154 machines at average price $133.93; in 1882, to Dec. 1st, 104 machines at average price $133.42.

Papers referred to offered in evidence and marked—
Complainant's Exhibit 1878 Sales.
" " 1879 "
" " 1880 "
" " 1881 "
" " 1882 "

I wish to correct my former testimony so far as it differs from these statements.
Dec. 16, 1882.

LUCAS THOMPSON.

Accepted as evidence.

WM. A. COURSEN,
Solicitor for Defendant.
W. H. L. LEE.

NEW YORK, *December* 12, 1882—at 3 o'clock p. m.

Met pursuant to adjournment.
Present: Counsel as before.

Cross-examination of Mr. THOMPSON:

73 A. The suit of Cornely against Moritz Cohn was commenced March 25, 1881, and settled about June in the same year. I sold to all classes of business where they used embroidering machines.

Redirect:

A. My principal customers for embroidering machines were hosiery mills and corset manufacturers. I have read the deposition of Mr. Marckwald, taken on December 4.

Q. Please state which, if any, of the persons, firms, or corporations to whom the defendant made sales, as shown by his testimony, were customers of yours.

A. They were all customers of mine for Bonnaz machines.

LUCAS THOMPSON.

The defendant here produces FREEMAN D. MARCKWALD, a witness, who, being duly sworn, testifies as follows:

A. I never sold any of the Bariquand, Son & Bonnaz machines to any person or corporations excepting such as were corset manufacturers, whose names I have already mentioned in my previous examination in this suit. I never advertised or made any efforts to effect sales, except that I may have mentioned to one or two of the parties to whom I did sell the fact that I could procure for them

such machines in Paris. The others of those to whom I sold such machines first asked me if I could get others for them, and I told them I would and did.

Defendant's counsel offers in evidence of the fact contained therein bill of May 21, 1880. Thompson, Langdon and Company bought of Lucas Thompson and Company one Bonnaz machine, $135;
74 payment made June 22d, 1880, and the same is marked Defendant's Exhibit Marckwald No. 1, December 11, 1882, J. A. S., master.

Also the same in relation to Warner Brothers. April 21st, 1880, sold to Warner Brothers, $145; payment made May 18th, 1880, and the same is marked Defendant's Exhibit M. No. 2, December 11, 1882, J. A. S., master.

Defendant's counsel offers a letter and account of machines of the kind in controversy, or the Bonnaz machine, sold by Lucas Thompson to the Worcester Corset Company, Theo. C. Bates proprietor. The paper is received as evidence, subject to any correction that may be made by future testimony. Paper received and marked Defendant's Exhibit M. No. 3, December 11, 1882, J. A. S., master.

Adjourned to December 16, 1882, at 12 o'clock noon.

NEW YORK, *January 26th*, 1882.

Met pursuant to adjournment.
Same parties present as before.

Recross-examination of LUCAS THOMPSON:

To the best of my knowledge all the machines involved in the suits by Cornely on this patent were what was known as Pettit machines, except the machines involved in the case at bar, and in the suit against Moritz Cohn and of Warner Brothers, whom I believe bought his machines from the defendant in this suit, and Lefort Brothers, which were Bariquand et Fils et Bonnaz. The Pettit machines were manufactured at Brussels, Belgium, by one
75 Pettit or by a corporation which succeeded him in business. Mr. Cornely did not tell me when I was in Europe or at any time and I do not know from any source what is or ever has been the amount of royalty or license fee paid or agreed to be paid by Cornely, the complainant, to Bonnaz, the alleged original inventor, for or on account of the embroidering machines made or sold by Cornely under said invention. I have no information whatever in regard to any license fee ever paid to the complainant in Paris by Bonnaz or any one else on any sale or sales of embroidering machines under said invention to be used in the United States. I have no actual knowledge derived from Mr. Cornely or any other person in regard to the non-payment of royalties by Mr. Cornely to
76 Mr. Bonnaz on the embroidering machines, and I do not know that the French patent of 1863 or 1868, of Mr. Bonnaz, for these embroidering machines have been declared by the courts to be invalid. I have heard it stated—I don't think in France, but

certainly in this country—to that effect. I have no knowledge whatever in regard to a judgment between Cornely and Bonnaz.

Redirect examination:

In the suits of Cornely against Theodore C. Bates and against Isaac W. Birdseye the same machine is involved as in this suit.

LUCAS THOMPSON.

Sworn before me—
JOHN A. SHIELDS,
Master, &c.

Adjourned to Feb'y 9th, 1883, at 3 p. m., for purpose of summing up proofs, being closed.

N. Y., *Feb'y 9th*, 1883—11.30 a. m.

77 Adjourned to meet on seven days' notice from either party.

78 At a stated term of the circuit court of the United States of America for the southern district of New York, in the second circuit, held at the United States court-rooms, in the city of New York, on Monday, the twenty-third day of February, in the year of our Lord one thousand eight hundred and eighty-five.

Present: The Honorable William J. Wallace, circuit judge.

EMILE CORNELY
vs.
FREEMAN D. MARCKWALD. } Eq. Cal. Feb. T., '85.

The above cause coming on this day for hearing upon exceptions to the master's report—

Mr. William H. H. Lee is heard in behalf of complainant.

Mr. William A. Coursen is heard in behalf of defendant.

C. A. V.

79 United States Circuit Court, Southern District of New York.

CORNELY
vs.
MARCKWALD.

WALLACE, *J.:*

The complainant's exceptions to the report of the master upon the accounting under the interlocutory decree raise the question whether the master erred in finding that no damages were established by the proofs before him.

The complainant insists that he is entitled to recover upon the theory that he proved an established royalty for the use of his patented invention when licenses were granted by him to others. It appears that he instituted ten or eleven suits against infringers, and in all these cases except one a settlement was made between the parties, in some instances before and in others after a decree, by the

payment of the sum of $50 for each infringing machine sold or used by the respective defendants. No other testimony was offered bearing upon the question of royalty.

Whatever effect it might seem proper to give to this testimony, were the question an open one, in view of the decision in Westcott *vs.* Rude, 19 Fed. Rep., 830, where it was carefully considered by Woods, circuit justice, it should be held, as there held, that
80 evidence of payments made for infringements is incompetent to establish a price as for a fixed royalty. See also National Car Brake Co. *vs.* Terre Haute Car Co., 19 Fed. Rep., 514. There are so often extraneous influences, considerations of expediency, coercion, and sometimes collusion affecting settlements thus made, as to suggest strong practical reasons for rejecting the evidence as wholly unreliable. Black *vs.* Munson, 14 Blatch., 268.

The complainant also insists that he should be allowed for the loss sustained by him by reason of the diversion of sales which he would have made but for the sales made by the defendant. He failed, however, to give any evidence showing the cost of his machines, and therefore there was no basis for a competition [computation] of his loss or profits.

The conclusions of the master are fully approved concerning the alleged loss of the complainant by reason of the enforced reduction in his prices for his machine owing to the competition of the defendant. A circumstance in addition to those suggested by the master as tending to show this part of the plaintiff's claim to be merely conjectural is found in the fact that the complainant gradually reduced his prices from the time he first put his machines on the market down to the time when defendant commenced to compete, and this reduction continued after defendant was enjoined, the prices for 1882 being lower than they were in 1880.

It is probable, from the fact that the defendant sold his ma-
81 chines at an average price of about $36 below the complainant's prices to the complainant's customers, that the complainant has sustained damages for which he has not been compensated, because he would probably have sold these machines himself and realized his usual profit on them; but, in the absence of any proof to show what this profit would have been, no other conclusion was possible than that which was reached by the master. He may have sold his machines at a loss.

The exceptions are overruled.

(Endorsed:) United States circuit court, southern district of New York. Cornely *vs.* Marckwald. Opinion. Wallace, J. U. S. circuit court. Filed Mar. 6, 1885. Timothy Griffith, clerk.

82 At a term of the circuit court of the United States for the second circuit and southern district of New York held at the city of New York on the 13th day of March, 1885.

Present: The Honorable William J. Wallace, circuit judge.

EMILE CORNELY
vs.
FREEMAN D. MARCKWALD.

This cause having been brought to a hearing upon the report of John A. Shields, Esq., to whom it was referred as master *pro hac vice* to ascertain and take and state and report to the court an account of the gains, profits, and advantages which the said defendant has received or which have arisen or accrued to him since November 10, 1868, from infringing the exclusive rights of the complainant as the owner of letters patent number 83910, dated Nov. 10, 1868, for improvement in sewing-machines for embroidery, by the manufacture, use, and sale of the said improvements patented in said letters patent; and also what damages, in addition thereto, the com-
83 plainant has sustained by reason of said infringement, from which report, bearing date the 21st day of March, 1884, it appears that gains and profits have been proved to have been received by or to have arisen or accrued to the defendant from the manufacture, use, or sale of the improvements patented in said letters patent number 83910 in the sum of one hundred and forty-two $\frac{92}{100}$ dollars, and that beyond the nominal sum of six cents no damages have been proven to have been sustained by the said complainant from the said infringements in violation of the exclusive rights secured to the complainant by the letters patent aforesaid; and exceptions to said report having been filed on behalf of the complainant—

It is ordered, adjudged, and decreed that said exceptions be, and the same hereby are, overruled, and that the said master's report be, and the same hereby is, in all respects confirmed, and that the complainant recover of the defendant the sum of one hundred and forty-two $\frac{98}{100}$ dollars, the amount so reported due as aforesaid, with interest thereon from the 21st day of March, 1884, together with the costs of this suit, to be taxed by the clerk, except the costs upon the accounting subsequent to the master's draft report
84 and the costs upon the exceptions to the master's report, which said costs upon the exceptions to the master's report, to be taxed by the clerk, it is ordered, adjudged, and decreed that the defendant recover of the complainant, and that the amount of said costs so directed to be recovered by the defendant of the complainant be deducted from the amounts hereinbefore directed to be recovered by the complainant of the defendant.

It is further ordered, adjudged, and decreed that the complainant have judgment against the defendant for the balance still remaining due to the complainant after making such deduction, and that the plaintiff have execution therefor.

WM. J. WALLACE.

85 [Endorsed:] U. S. circuit court, southern district of New York. Emile Cornely *vs.* Freeman D. Marckwald. Orig'l. Final decree. Turner, Lee and McClure, atty's for compl't, 20 Nas-

sau St., New York. E. Shonburg. E. W. Take notice that the within proposed final decree will be handed to John A. Shields, Esq., at his office, room 78, post-office building, in the city of New York, on the 11th day of March, 1885, at 10.15 o'clock a. m., with a request that the same be mailed to Hon. Wm. J. Wallace, judge, for settlement. Dated March 9th, 1885. Turner, Lee & McClure, compl't's sol's. We admit due service of within and foregoing on March 9, 1885. Coursen and Coursen, sol's for defend-. U. S. circuit court. Filed March 14, 1885. Timothy Griffith, clerk.

86 U. S. Circuit Court, Southern District of New York.

EMILE CORNELY
v.
FREEMAN D. MARCKWALD.

We hereby consent that the foregoing papers shall constitute the record to be sent by the clerk of the circuit court of the United States for the southern district of New York to the United States Supreme Court on the appeal to said Supreme Court in the above-entitled cause, and that the exhibits be retained by the clerk of the said circuit court until the hearing of the appeal in said Supreme Court.

New York, June 2nd, 1886.

TURNER, LEE & McCLURE,
Compl't's Sol'rs.
COURSEN & COURSEN,
D'f't's Sol'rs.

87 Endorsed: U. S. circuit court. Filed June 17th, 1886. Timothy Griffith, clerk.

88 United States Circuit Court, Southern District of New York, Second Circuit. In Equity.

EMILE CORNELY, Complainant and Appellant,
vs.
FREEMAN D. MARCKWALD, Defendant and Appellee.

To the honorable the Supreme Court of the United States:

The appeal of Emile Cornely, complainant and appellant above named, respectfully showeth that upon the tenth day of December, 1881, the above-named complainant filed his bill of complaint in the circuit court of the United States for the southern district of New York, in the second circuit, against the above-named defendant, Freeman D. Marckwald, in a suit in equity, alleging that said defendant had infringed the rights of the complainant therein as secured to him by letters patent granted on the tenth day of November, 1868, to Emile Cornely, complainant and appellant, and numbered 83910, and praying for an accounting and payment to the complainant by the said defendant of the profits by him

realized, and of the damages suffered by said Emile Cornely,
89 complainant and appellant, by reason of said infringement of said letters patent, and also that the writs of subpœna and of injunction might be issued against said defendant, his clerks, agents, servants, and workmen, &c. This complainant and appellant further showeth that pursuant to said prayer a subpœna *ad respondendum* issued out of and under the seal of said circuit court, and was duly served on said defendant, Freeman D. Marckwald, and that said defendant, Freeman D. Marckwald, appeared and answered said bill of complaint.

That a general replication was filed by the complainant to said answer, and, issue being thus joined, thereafter testimony was taken, and such proceedings were had in such cause that on the 22d day of November, 1882, an interlocutory decree for a perpetual injunction and an accounting of profits and damages in favor of complainant was entered, and that thereafter, on the 13th day of March, 1886,* a final decree was entered in said circuit court, by which said decrees it was in substance adjudged and decreed that a perpetual injunction issue as prayed for in the bill, and that the complainant recover of the defendant the sum of one hundred and forty-two $\frac{92}{100}$ dollars as profits accruing to the defendant from the manufacture, use, and sale by him of the improvements patented in said letters patent number 83910, together with nominal damages in the sum of six cents, together with interest and costs to be taxed, which said decree is, as this appellant is advised, erroneous and ought to be reversed, in that no damages beyond the nominal sum of six cents were awarded thereby to the complainant against
90 the defendant by reason of the said infringements in violation of the exclusive rights secured to the complainant by the letters patent aforesaid.

Wherefore the appellant appeals from so much of said decree of said circuit court as awards the said appellant no damages beyond the nominal sum of six cents to the Supreme Court of the United States, and respectfully prays that the decree of said circuit court, together with the bill of complaint, answer, replication, pleadings, depositions, evidence, and exhibits and proceedings in said cause, may be sent to the Supreme Court of the United States without delay, and that the said Supreme Court will proceed to hear the said cause anew, and that the said decree of the said circuit court may be reversed, with costs, in so far as it awards to the complainant no damages beyond the nominal sum of six cents, and the complainant may be given the full relief prayed for in his bill of complaint, or such other decree made as the Supreme Court shall deem just.

Dated April 29th, 1886.

EMILE CORNELY,
By TURNER, LEE & McCLURE,
Solicitors for Appellant.
W. H. L. LEE, *Of Counsel.*

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* Should read "1885."

Appeal allowed Apr. 30, 1886.

WM. J. WALLACE.

91 [Endorsed:] X'd. U. S. circuit court, southern district of New York. Emile Cornely *vs.* Freeman D. Marckwald. Copy. Petition on appeal. Turner, Lee & McClure, solicitors for appellant, 20 Nassau street, New York. We admit service of a copy of the within citation on appeal. May 1st, 1886. Coursen & Coursen, def't's sol's. U. S. circuit court. Filed May 3d, 1886. Timothy Griffith, clerk.

92 Know all men by these presents that we, John McClure, of the city of New York, and Robert A. Piper, of Brooklyn, New York, are held and firmly bound unto Freeman D. Marckwald, of the city of New York, in the sum of two hundred and fifty dollars, to be paid to the said Freeman D. Marckwald, his executors, administrators or assigns; for which payment, well and truly to be made, we bind ourselves, our heirs, executors, and administrators, jointly and severally, firmly by these presents.

Sealed with our seals and dated the 29th day of April, 1886.

Whereas at a circuit court of the United States within and for the southern district of New York, in a suit in equity pending in said court between Emile Cornely, complainant, and Freeman D. Marckwald, defendant, a decree was rendered against the said defendant; and the said complainant having obtained an appeal to remove the said cause to the Supreme Court of the United States to reverse so much of the decree in the aforesaid suit as awards the complainant no damages beyond the nominal sum of six cents, and a citation directed to the said Freeman D. Marckwald, citing and admonishing him to be and appear at the October term, 1886,
93 of the Supreme Court of the United States to be held at Washington, to wit, on the second Monday of October, 1886:

Now, therefore, the condition of the above obligation is such that if the said Emile Cornely shall prosecute his said appeal to effect and answer all damages and costs if he fail to make his plea good, then the above obligation to be void; otherwise to remain in full force and virtue.

JOHN McCLURE. [L. S.]
R. A. PIPER. [L. S.]

In the presence of—
JAMES F. HORAN.

STATE, CITY, AND COUNTY OF NEW YORK, *ss:*

On this 29th day of April, 1886, before me personally came
94 John McClure and Robert A. Piper, to me known and known to me to be the individuals described in and who executed the foregoing bond, and they severally acknowledged that they executed the same.

[L. S.]

JAMES F. HORAN,
Notary Public, N. Y. Co.

STATE, CITY, AND COUNTY OF NEW YORK, *ss:*

On this 29th day of April, 1886, before me personally came John McClure, to me known, and, being by me duly sworn, did depose and say that he resides at 216 West 50th street, in the city of New York; that he is worth twice the sum specified in the above bond, over all the debts and liabilities which he owes or has incurred and exclusive of property exempt by law from levy and sale under an execution, and is a householder in the State of New York.

JOHN McCLURE.

95 Subscribed and sworn to before me this 29th day of April, 1886.

JAMES F. HORAN,
[L. S.] *Notary Public, N. Y. Co.*

STATE, CITY, AND COUNTY OF NEW YORK, *ss:*

On this 29th day of April, 1886, before me personally came Robert A. Piper, to me known, and, being by me duly sworn, did depose and say that he resides at 287 14th street, Brooklyn, New York; that he is worth twice the sum specified in the above bond, over all the debts and liabilities which he owes or has incurred and exclusive of property exempt by law from levy and sale under an execution, and is a freeholder in the State of New York.

R. A. PIPER.

Subscribed and sworn to before me this 29th day of April, 1886.

JAMES F. HORAN,
[L. S.] *Notary Public, N. Y. Co.*

96 The foregoing bond is approved this 30 day of April, 1886.

WM. J. WALLACE.

97 [Endorsed:] U. S. circuit court, southern district of New York. Emile Cornely *vs.* Freeman D. Marckwald. Bond on appeal. Turner, Lee & McClure, solicitors for appellant, 20 Nassau street, New York. U. S. circuit court. Filed Ap'l 30th, 1886. Timothy Griffith, clerk.

98 By the Hon. William J. Wallace, one of the judges of the circuit court of the United States for the southern district of New York.

UNITED STATES OF AMERICA, } *ss:*
Southern District of New York, }

To Freeman D. Marckwald, Greeting:

Whereas from so much of the decree lately made by the circuit court of the United States for the southern district of New York in a certain cause wherein Emile Cornely was complainant and Free-

man D. Marckwald was defendant as awards the complainant no damages beyond the nominal sum of six cents the said complainant has appealed to the Supreme Court of the United States, and has given good and sufficient security to prosecute his
99 said appeal as required by law:

Therefore you are hereby cited and admonished to be and appear at a Supreme Court of the United States to be holden at Washington on the second Monday of October, 1886, pursuant to said appeal, to show cause, if any there be, why the decree so appealed from as aforesaid should not be corrected and reversed and why speedy justice should not be done to the parties in that behalf.

Witness the Hon. William J. Wallace, judge of said circuit court, at the city of New York, on this 30th day of April, 1886.

WM. J. WALLACE.

Endorsed: U. S. circuit court, southern district of New
100 York. Emile Cornelly *v.* Freeman D. Marckwald. Citation on appeal. Turner, Lee & McClure, solicitors for appellant, 20 Nassau street, New York. We admit service of a copy of the within citation on appeal May 1, 1886. Coursen & Coursen, def't's sol'rs. U. S. circuit court. Filed May 3, 1886. Timothy Griffith, clerk.

101 UNITED STATES OF AMERICA, } *ss:*
Southern District of New York, }

I, Timothy Griffith, clerk of the circuit court of the United States of America for the southern district of New York, in the second circuit, do hereby certify that the foregoing pages, numbered from one to one hundred, inclusive, contain a true and complete transcript of the record and proceedings had in said court in the case of Emile Cornely, complainant & appellant, against Freeman D. Marckwald, defendant & appellee, as the same remains of record and on file in said office.

In testimony whereof I have caused the seal of the said court to be hereunto affixed, at the city of New York, in the southern district of New York, in the second circuit, this 22d day of June, in the year of our Lord one thousand eight hundred and eighty-six, and of the Independence of the said United States the one hundred and tenth.

[Seal U. S. Circuit Court, South. Dist. New York.]

TIMOTHY GRIFFITH, *Clerk.*

[Endorsed:] Coursen & Coursen, 237 B'way.

Endorsed on cover: S. New York C. C. U. S. No. 293. Emile Cornely, appellant, *vs.* Freeman D. Marckwald. Filed June 23, 1886.

Supreme Court of the United States.

OCTOBER, 1888, TERM—No. 293.

EMILE CORNELY, APPELLANT,

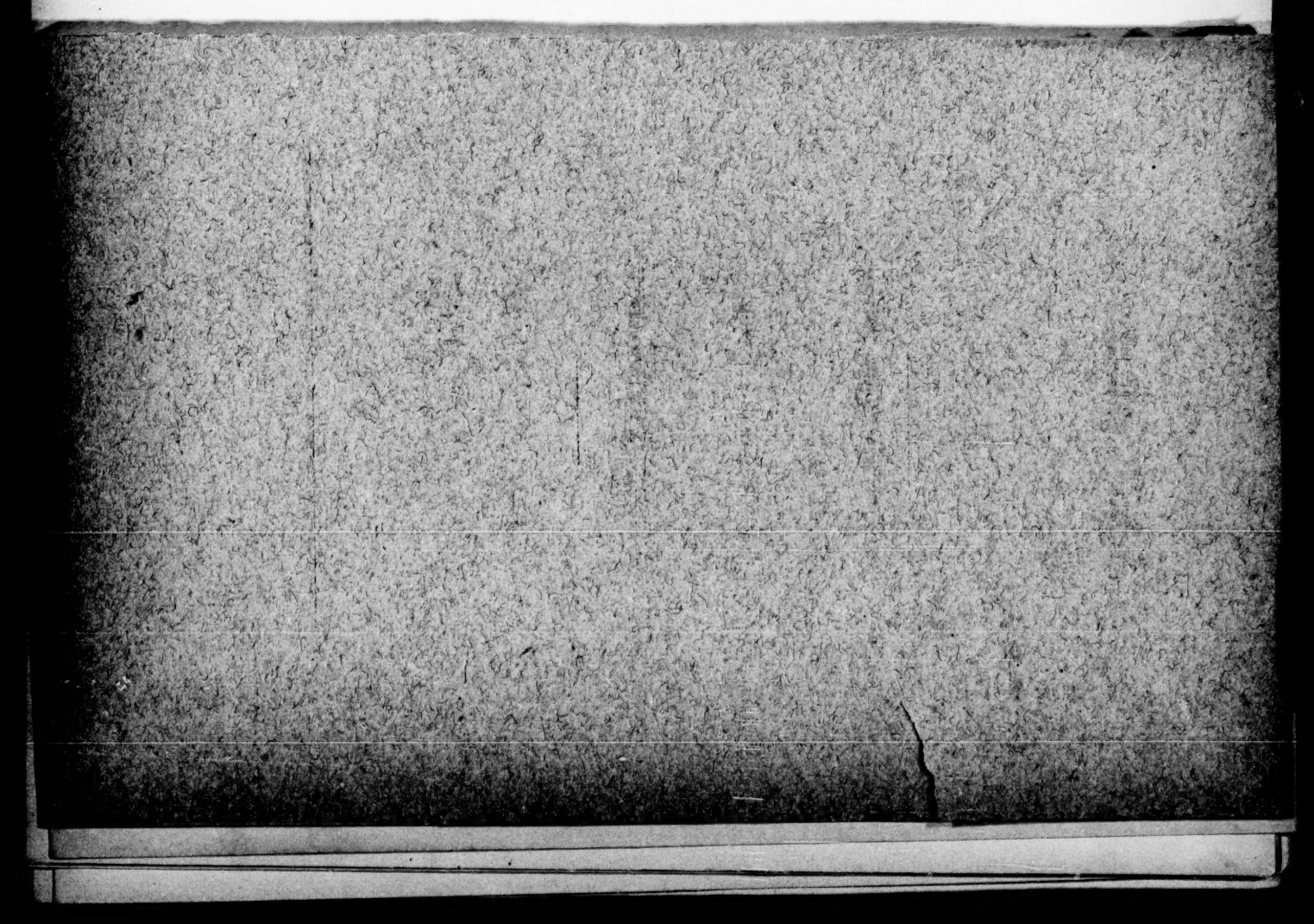
vs.

FREEMAN D. MARCKWALD.

Brief for Appellant.

B. F. LEE,
Of Counsel.

M. B. BROWN, Printer and Stationer, 49 & 51 Park Place, N. Y



Supreme Court of the United States.

EMILE CORNELY, Appellant, *vs.* FREEMAN D. MARCKWALD, Appellee.	No. 293, Oct. 1888, Term.

Brief for Appellant.

Statement of the Case.

This is an appeal, from a decree of the Circuit Court of the United States, for the Southern District of New York, dated March 13, 1885.

The bill was filed Dec. 10, 1881, by the appellant, for infringement of letters patent No. 83,910, dated Nov. 10, 1868.

On Nov. 22, 1882, an interlocutory decree for injunction and accounting was entered, in the usual form, with a reference to John A. Shields, Esq., as Master (p. 18.)

The defendant interposed an answer, but took no testimony. The complainant put in his *prima facie* proofs, and the case then went practically by default.

The Master reported $142.92 profits and six cents damages (pp. 20–22).

The complainant filed exceptions to that part of the Master's report which dealt with questions of damages (pp. 26–28).

The Court overruled these exceptions, confirmed the Master's report, and entered the decree, from which this appeal is taken (pp. 40–41). The opinion of the Court is printed on pp. 39–40. It makes such references to the Master's report (pp. 20–22), which itself is in the nature of an opinion that an examination of the latter is necessary to a full understanding of the opinion.

The sole question involved in this appeal is the amount of damages, that the appellant is entitled to recover.

Assignments of Error.

The appellant specifies the following errors, upon which he relies, and, in regard to which, the decree is alleged to be erroneous:

I.—In that the said decree has confirmed the finding of the Master, to the effect, that the facts did not warrant measuring the damages, sustained by complainant, upon the datum of a fixed, and established license fee.

II.—In that the Court has not decreed, that, at the time of the infringement by the defendant, there was an established license fee of fifty dollars, upon each infringing machine, sold by the defendant.

III.—In that the Court has not decreed, that the complainant is entitled to recover of the defendant twelve hundred dollars damages (such damages being measured, by a fixed royalty of fifty dollars, for each infringing machine, sold by defendant).

IV.—In that the said decree has confirmed the finding of the Master, to the effect, that he was unable to ascertain the amount of damages, to which complainant was entitled, on account of the forced lowering of prices of the complainant's machines, caused by the defendant's infringement.

V.—In that the Court has not decreed, that the plaintiff was entitled to recover of the defendant three thousand

five hundred and ninety-eight $\frac{22}{100}$ dollars damages, on account of the forced lowering of his prices, by reason of the defendant's infringment (being an average reduction of $13.95 each, upon the sale of 258 machines).

VI.—In that the said decree has confirmed the finding of the Master, to the effect, that he was unable to report the amount of damages, which the plaintiff was entitled to recover, by reason of such losses, occasioned by defendant's infringement.

VII.—In that the Court has decreed that the complainant was entitled to recover no more than six cents damages of the defendant and confirmed the Master's report to that effect.

Brief of the Argument.

It is now necessary, to consider more in detail the proceedings before the Master.

The scope of the patent was in no way limited by the proofs. The Master found that complainant was entitled to recover the entire profits, on the defendant's sales of infringing machines, amounting to $142.92.

No exceptions were taken to this finding.

The complainant undertook to prove damages:

(1.) As measured by an established license fee.

(2.) Caused by a forced reduction of his own prices.

The Master reported that no established license fee was proved; that although it was evident that a reduction of prices had been forced by defendant's infringement, he could not ascertain the exact amount of such reduction; that "beyond the nominal sum of six cents," he was "unable to assess the damages sustained by the complainant by reason of the defendant's infringement" (p. 22).

The complainant submitted objections to the draft report (pp. 22–26), which, while partaking somewhat of the

nature of an argument, covered the same grounds, as the exceptions subsequently filed.

Complainant contended that an established license fee of $50 per machine had been proved, and that the proofs showed that the complainant had been forced to reduce his price by defendant's infringement, the average reduction being $13.95 upon the sale of 258 machines, making $3,598.22.

When Damages Recoverable in Equity.

By the act of July 8, 1870, chapter 230, § 55, it was provided that in suits in equity for infringement of patents, "upon a decree being rendered in any such case for "an infringement, the complainant shall be entitled to re- "cover, in addition to the profits to be accounted for by "the defendant, the damages the complainant has sustained "thereby, and the Court shall assess the same, or cause the "same to be assessed under its direction"—with a further provision as to increase of damages as in actions at law.

These provisions are substantially re-enacted in § 4919 of the Revised Statutes.

"Gains and profits are still the proper measure of damage "in equity suits, *except in cases where the injury sustained "by the infringement is plainly greater than the aggregate "of what was made by the respondent.*"

Birdsall vs. *Coolidge*, 93 U. S., 64, 69.
Root vs. *Railroad Co.*, 105 U. S., 189, 200, 201.
G. D. V. Co. vs. *Van Antwerp*, 9 O. G., 497.

It is evident that in the case at bar a recovery of profits does not adequately measure the damages suffered by complainant.

The defendant made a profit on his sales, varying from $2.38 to $9 on each machine (pp. 34, 35). The evidence shows, and the master has found, that, but for the defend-

ant's infringement complainant would have sold all the machines that defendant sold (p. 22).

The proofs also show, and the Master has found that the defendant's sales "contributed in a measure to the forced reduction of prices by complainant."

The Master found that complainant sustained damages, both by forced reduction of prices and by loss of sales (pp. 21, 22), but reported that he was unable to fix the amount of such damages.

Extent of Infringement.

The defendant sold twenty-six infringing embroidery machines, known as Bariquand et fils et Bonnaz machines. He states that when he sold them he had no knowledge, that he was infringing any person's rights, until about the time of the commencement of suit against Birdseye in *November*, 1881 (p. 35); that he was abroad in the *summer* of 1881, and personally saw Messrs. Bariquand et fils et Bonnaz about these machines, and the claims made against him, and that they agreed to protect him, and save him harmless (p. 34).

How he came to obtain idemnity in the summer of 1881, upon claims which he first heard of in November, 1881, is not explained.

The machines, which defendant sold were bought by a firm of which the assignor of the patent in suit was a member (p. 33). Bonnaz the inventor, and the complainant are unfriendly (p. 33).

The defendant is not an innocent infringer and doubtful points should be solved against him.

The proofs show, and the Master has found, that complainant was exceptionally "active and persevering in "protecting his rights under the patent in question, and "that especial pains were taken to give information thereof "to every manufacturer whom he deemed likely to use "the patented machines" (20 Thompson, pp. 32–33).

A LICENSE FEE OF $50 FOR EACH MACHINE WAS ESTABLISHED.

The complainant's machines were all made in France and imported into this country.

The defendant's machines were also imported. They are a very close imitation of complainant's, and many of the parts are interchangeable (p 33.)

Complainant's agent was, during the entire period of the infringement, prepared to supply the market in this country (p. 36).

While it does not appear, that manufacturing licenses were granted to anyone, in this country, the general policy, as shown by the proofs, was to license infringing machines that were found here.

Two licenses were granted prior to December, 1878. The number of machines licensed does not appear. *Since December* 1, 1878, sixty-eight machines had been licensed (pp. 29–30), of which fifteen were exactly the same as those sold by defendant. The other machines were known as Pettit machines, and were substantially the same, except possibly those of the Otis Company (p. 30).

The uniform rate, at which each machine was licensed, was $50 apiece (p. 30). It further appears that Jules C. Wellens, prior to December 1, 1878, paid $50 apiece, as a license fee for several machines, the number of which does not appear.

The only case, in which there was ever a deviation, from the $50. license fee, was, in the case of Henderickx in 1877, who did not pay $50 a machine, for this reason (p. 30):

"We were convinced that *it was impossible for him to* "*pay as much as* $50, and there were circumstances of ex- "ceptional hardship, and a smaller sum, I think $30 a "machine, was accepted for a few machines" (p. 30).

This settlement was made in 1877, before any other infringer had appeared in the field, *and before the license fee of* $50 *became established.*

There is no rule of law preventing a change in license fee, if a patentee can change it, and the public acquiesce. All that is necessary is, that a certain fee should be fixed, prior to the time defendant was sued, or at the utmost began to infringe.

The bulk of these machines were licensed between December 1, 1878, and October or November, 1879 (pp. 29–30).

At that time it appears that "*there was not an in-*"*fringing machine in the United States, as far as could* "*be ascertained, that had not paid royalty upon the plain-*"*tiff's patent* (p. 30). * * *

"All the machines that were attacked had been im-"ported into this country"; none were manufactured here. After the result of the Wellens suit, the importation ceased, until the infringement, complained of in this suit, began (pp. 30, 31).

After defendant began to import, a number of similar machines were imported, and suits were begun, all of which have been settled by the payment of $50 license fee, except in the case of two suits against Bates and Birdseye, two of defendant's customers, the defense of which was assumed by the defendant (pp. 30, 31).

It thus appears that every machine (excepting those involved in this suit), *had been licensed, at the uniform rate of* $50 *per machine*, except in the case of Henderickx in 1877, whose poverty caused a deduction on a few machines.

These facts remove the case at bar, from the strictures of the Court, in *Black* vs. *Munson*, 14 Blachford, 268, the only case cited by the Master, as supporting his rejection of the established license fee.

The Court there says, that a royalty, as a criterion of damage, "can only be applied *where there is a fixed and*

" *established price at which a license is granted.* No " price can be said to be fixed or royalty established, " where the patentee varies his prices according to the " *courage or the ability to resist of the infringer*, or " where there are other circumstances showing the absence " of a fixed or established fee."

It appeared by the complainant's testimony in that suit, that the amount of the license fees varied from $100 to $2,500, and that none of the licenses limited the amount of business to be done under them. The Court then says:

" I know of no authority and of no principle on which, " *under these circumstances*, it can be held that damages " are established by the existence of a fixed license fee, " or an established royalty."

In the case at bar, the complainant has varied his price, neither according to the courage, nor the ability to resist of the infringer, nor in any other way whatsoever, except that in the Henderickx case, in 1877, under circumstances of exceptional hardship, a few machines were licensed, where the defendant could pay no more, and *this was done before the license fee* was established.

While the Courts have cast strictures on an alleged fixed license fee, because it was lowered on account of an infringer's *courage*, or *ability to resist*, it has never cast such strictures upon an act of *generosity*, or *pity*, arising from the *inability to resist, of an infringer.*

The reports can be searched in vain, for any case, holding that a license fee is not established, where it appears that the owners of infringing machines are numerous, that they are scattered in various parts of the country, *and that every infringing machine except those involved in the suit at bar and except in one unimportant instance, has paid a uniform royalty.*

Although the number of machines licensed was not very great, yet they bear a considerable proportion to the complainant's sales.

The learned Judge, before whom the exceptions to the Master's report were argued, expressed orally upon the argument his dissent to the Master's views, upon the effect of the Hendrickx settlement. He makes no reference to it, however, in his opinion (p. 39).

He seemed to consider himself bound to follow Wescott *vs.* Rude, 19 F. R., 830, and National Car Brake Co. *vs.* Terre Haute Car Co.. 19 F. R., 514. These cases hold broadly (*obiter*) that payments of royalties, for past infringement, or in settlement of suits are not sufficient to establish a license fee.

In the case at bar, the opinion referring to such payments says: "There are so often extraneous influences, con- "siderations of expediency, coercion, and sometimes "collusion, affecting settlements thus made, as to suggest "strong practical reasons for rejecting the evidence (of such "payments) as wholly unreliable."

Collusion or bad faith is to be proved, and not presumed.

Coercion is generally, perhaps always, an important factor, in the payment of royalties. If there were no fears, that such payments could be enforced, they would not be made. No one could afford to make them, if he knew, that it was optional with his competitor to make them, or not, as he preferred.

"Extraneous influences" and "considerations of expediency" are merely softened expressions for coercion, in its broad meaning.

The test is, whether or not the patentee has sold his invention to the public for a fixed price, not how he sold it.

The facts in this case are quite unique. The plaintiff has adopted the policy of supplying the public himself. At the same time, when infringing machines have been brought into this country, he has preferred to license them rather than to enjoin their use, or seek the destruction of the machines, as was his strict right. The owners of such

machines have uniformly paid royalties. We contend that this establishes the right of the plaintiff to recover like royalties upon other imported machines, such as those of the defendant. As to such machines certainly the royalty had become fixed.

The Circuit Courts have not uniformly held that licenses, taken after suit begun, could not be considered, as establishing a license fee. A recent case decides directly the contrary (McKennan and Acheson, *JJ.*).

Cary *vs.* Lovell Mfg. Co., 47 O. G., 525.

We submit, that an established royalty has been proved, within the rulings of this Court.

Clark vs. *Wooster*, 119 *U. S.*, 322, 326.

Forced Lowering of Prices.

The forced lowering of a complainant's prices by the infringement of a defendant is a well-known basis of damages.

Yale Lock Mfg. Co. vs. *Sargent*, 117 *U. S.*, 536.

The defendant sold twenty-six machines, beginning in 1880 (p. 34).

The complainant's sales were as follows:

In 1878,	78 machines;	average price.....	$149	96
" 1879,	163 "	" "	147	58
" 1880,	120 "	" "	146	92
" 1881,	154 "	" "	133	93
" 1882, to November 22, the date of the interlocutory decree,	104 machines;	average price	133	42

(p. 37).

Prior to August 11, 1880, when the defendant began to infringe, the complainant's prices varied between $133.33, the lowest, and $166.25, the highest, the average being about $147. After the defendant began to infringe, the complainant's prices ranged, between $105 and $157.50,

and the average was much lower (p. 21). The average reduction, according to our calculation, is $13.95 upon an aggregate sale of 258 machines (p. 37).

During the period, that the defendant infringed, there *was no other person in the United States, who was selling machines in competition with the plaintiff*, embodying the features of the patent in suit, *and no person could buy these machines, in the United States, except from the plaintiff, or the defendant* (p. 36). *All purchases of the defendant were made by customers of the plaintiff* (p. 37). The complainant was prepared to fill any orders that might be given (p. 36).

The average of defendant's prices was about 95.50. (pp. 34–35).

The effect of this infringement is described by Mr. Thompson, complainant's agent, as follows:

"We found we were losing sales by parties saying they "could get cheaper machines; they said they could buy "the machines for $100; they left the store without buy-"ing. When we found that the parties did not return to "make purchases, we dropped our prices to try and se-"cure sales" (p. 36).

The plaintiff's *lowest* price was $105 and defendant's *highest* price was $100.

The plaintiff showed firmness, in making only the small reduction, that he did, averaging less than $14 a machine.

His own average prices, as reduced, were about $133.50, while defendant's were about $38 lower, viz.: $95.50.

The proofs show without contradiction, that there was a reduction. This reduction was forced upon the plaintiff, during a period of general prosperity. There is no evidence, that the lowering of prices was influenced, by any cause, other than the defendant's infringement. Without some proof of the fact, such finding, *based on mere conjecture and guess-work*, is not proper.

When infringing machines are sold at a reduction of over $50 (about 35 per cent.) from the patentee's average prices theretofore ($147), and these machines are scattered among the patentee's own customers in small lots, the sur prising thing is, that the patentee is not forced, to reduce his prices, to a greater average extent, than between $13 and $14—between 9 and 10 per cent. as against 35 per cent.

The burden of proof is upon complainant, to show damages. We have shown that defendant sold for $95.50 the same machines, that complainant had previously sold at $147, making a difference of $51.50; that the defendant's sales were as injurious as possible, every one of them being made to the complainant's own customers; the Master has found, that the plaintiff would have made such sales, if the defendant had not. This finding is abundantly sustained by the evidence. Upon this state of facts there would seem to be no doubt, that the complainant was forced to make the comparatively small reduction, that he did make, by defendant's infringement.

This shifts the burden of proof, and casts the burden, upon the defendant, of showing, either that the reduction was not caused by him, or that there was some other element, which influenced the reduction.

The Master's finding in this connection is instructive. He says that the defendant's sales "doubtless contributed "in a measure, to the general result, but it would be purely "conjectural to say how much. The whole reduction not "being caused by the acts of the defendant, it was incum- "bent on plaintiff to show how much he was responsible "for, and failing to show this, no basis for a conclusion is "furnished" (*Ingersoll* vs. *Musgrove*, 14 Blatch., 541.)

Ingersoll vs. *Musgrove* is authority for this: that when many causes of loss *are in evidence*, one of which is defendant's infringment, it is plaintiff's duty, to prove the amount of injury caused by defendant. It is not authority for allowing the Master, to go outside the record,

and find, that a certain proportion of the loss is due, to causes, of which there is no evidence, and put the burden of proof upon complainant, to show how much of his losses are due, to the defendant's acts, which are in evidence, and how much to conjectural causes, not in evidence.

Ingersoll vs. *Musgrove* is an authority, which *forbids the Master, to base any conclusion, upon estimate or guess work.*

In that case the evidence showed, that the causes for the reduction were numerous, and varied, and the Court cast upon the plaintiff the burden of proving, what his real loss was, and what percentage of the loss, which arose from the varied causes proved, was due to the single cause, for which alone defendant was responsible, viz.: his own infringement; and upon a failure to do that, otherwise than by guesswork, the report was set aside.

If *Ingersoll* vs. *Musgrove* is authority for holding, that a complainant cannot base his damages upon estimate and conjecture, *it in like manner prevents a refusal to award damages, where such refusal is based upon estimate and conjecture.* The opinion of the Court (p. 543) says:

"The evidence on which those conclusions were "reached, was in the shape of estimate and conjecture and "opinion, and afforded no proper basis for a report of ac- "tual damages by a forced reduction of prices."

In the case at bar, the complainant having proved the reduction, and a sufficient cause, *the Master undertakes to find that there were other causes, and he does not even base his conclusion on the estimate, conjecture or opinion of a witness, but goes outside the record, to supply the lack of evidence, supporting his position.*

The principle invoked is analogous to that established, where a defendant proves use of an invention, prior to the date of plaintiff's application for a patent, and then the plaintiff endeavors to prove an earlier date of invention. The burden of proof has been shifted, and the same strict-

ness of proof is required of a plaintiff, which was originally required of a defendant.

James vs. *Campbell*, 104 U. S., 363.

Fitch vs. *Bragg* (16 F. R., 247), resembles the case at bar closely. The damages were based upon forced reduction of prices. We quote from the language of the Court (p. 247), which might with equal appositeness be used in the case at bar:

"It has occured to me that the reduction might have been owing in part to the commercial success, and enterprise of the defendants, in pushing their goods, upon the market, and in effecting sales, where the plaintiffs could not; but no exception was taken to the Master's report on this ground, and the suggestion was not made before him, and I *do not suppose that the principle that the plaintiff must affirmatively show by satisfactory evidence, how much of the damages was attributable to the infringement, means that after he has proved that the infringement was the sufficient operative cause of the entire damage, and has refuted all the suggestions of contributory causes, which the defendant made, he must disprove the existence of all the possible causes, which might have existed, but which it was not suggested ever did exist.*

THE AMOUNT OF LOSS BY FORCED REDUCTION OF PRICES.

The plaintiff's sales were as follows (p. 37):

For 1878, 78 machines, at	$11,697 25
For 1879, 163 machines, at.....	24,055 85
For 1880, 120 machines, at.....	17,630 23
Total for the years 1878, 1879, 1880, 361 machines, at	$53,383 33

Average price for machine, $147.87.

It is fair to suppose, that during the year 1881, the effect of defendant's unlawful competition was felt, in full force, and that such effect continued to the time, when the defendant gave his evidence.

When the trade is once demoralized and prices are falling rapidly, purchasers refrain from buying, under the idea that prices will go lower still, and there is not that regular and natural demand, that there is when prices are steady.

The following were the prices after 1880:

For the year 1881, 154 machines, at	$20,675 74
For the year 1882, to November 22, 104 machines, at	13,876 50
Total for 1881 and 1882, to November 22, 258-machines, at.....	$34,552 24

Average price for machine, $133.92.

Average price per machine at the prices at which they formerly sold, $147.87.

Total prices that the 258 machines, sold in 1881 and 1882, to November, 22, would have brought, if the sales had been at prices theretofore ruling.....	$38,150 46
Difference.....	3,598 22

This represents all the plaintiff's losses, from lowering of prices, susceptible of proof, although, the average price prior to 1881 would probably have been higher, had it not been for the defendant's infringement in the latter portion of 1880, and therefore the losses from forced reduction of prices, shown by the table, is less, as shown, than it is in fact.

Conclusion.

This Court has, in several recent cases, departed from the exacting rules, laid down in many circuit court decisions, which seemed to require an exactness of proof, which could not be attained in many meritorious cases, and which worked great practical injustice.

Where damages have been shown, extreme exactness, in proving to a nicety, precise amounts has not been re-

quired. Where there have been substantial profits or damages as in the case at bar, a substantial recovery will, if possible, be awarded.

Gould's Mfg. Co. *vs.* Cowing, 105 U. S., 253.
Tilghman *vs.* Proctor, 125 U. S., 136.
Yale Lock Mfg. Co. *vs.* Sargent (*supra*).
Callaghan *vs.* Meyers, 46 O. G., 565.

The decree of the Court below should be reversed, and that Court should be directed, to enter a decree in favor of complainant, for $1,200 (being license fees on 24 machines),* with interest from the time the defendant made his respective sales, or, if no license fee is held to have been established, for $3,598.22 (being the amount of damages from forced lowering of prices), with full costs, in the Court below, and in this Court.

If this Court should hold, that the complainant is limited, in his damages, to the established license fee, permission to move for an increase of damages, under the statute, should be given.

B. F. Lee,
Of Counsel for Appellant.

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* The number of machines sold was 26. If damages are to be measured by a license fee, appellant asks license fees upon but 24 machines, for reasons not appearing in the record.

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SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1888 — No. 295.

EMILE CORNELY,

Appellant,

AGAINST

FREEMAN D. MARCKWALD,

Appellee.

Brief in Reply to Brief for Appellant.

WILLIAM A. COURSEN,

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Supreme Court of the United States.

EMILE CORNELY,
Appellant,
against
FREEMAN D. MARCKWALD,
Appellee.

No. 293, Oct., 1888 Term.

Brief in reply to brief for Appellant.

In reply to the query of the complainant's counsel, touching the suggested inconsistency of the defendant in his testimony, in regard to when he knew of the claims of the complainant against him (page 35 of Record), and the time when (page 34) he obtained some assurance of indemnity, we remark: The first sales of the defendant were in August, 1880. There was evidently no apprehension in the mind of the defendant in regard to his sales of the machines, until the summer of 1881. He may either have had intimations of the complainant's claims before he went to Europe, or it is possible that his first apprehensions may have been excited during his visit to Paris, in his consultation with Barriquand, Fils and Bonnaz. At all events, we may believe that his first definite knowledge of legal claims for damages was imposed upon him by the suit brought against Birdseye, to whom the defendant had sold some machines.

We request the Court to look at some of the testimony of W. H. L. Lee (one of the solicitors of the complainant) as touching some of the points made by the counsel for the complainant in his brief (p. 7). The witness states (p. 31, fol. 62, of Record book) that "* * the defendant was the first to import infringing machines into this country, after such" (*i. e.* other) "importations had ceased *for many years.*"

On page 7 (of brief) we find this point taken by the complainant, "The bulk of these machines were licensed between December, 1, 1878, and October or November, 1879 (pp. 29-30)." If those machines were imported "*many years*" before the importations by the defendant (as must have been, to verify the testimony of the witness, just above mentioned) why was the great delay in bringing suit against the infringers?

Again we call attention to the same page (7) of complainant's brief, where it is stated, "After defendant began to import, a number of similar machines were imported," etc. (pp. of Record cited, 30 and 31.) We fail to find upon the cited pages, or either of them, or in the record, any proof, or really any intimation of the facts asserted in the brief, as above quoted.

We are constrained to direct this Court's attention to the *inferential* character which pervades the learned brief for the complainant. In addition to such points, in this regard, as are specifically noted above, we may cite the following instances:

At pages 4 and 5 the brief states that "The evidence shows, and the Master has found, that but for the defendant's infringement complainant would have sold all the machines that defendant sold."

It appears that there must be an inference here of some right to make the reference, other than the assignments of error (pp. 2, 3 of brief), in which the point of damages by loss of sales is not mentioned.

Again, at p. 11 of the brief is the positive assertion that "During the period that the defendant infringed there *was no other person in the United States who was selling machines in competition with the plaintiff*, embodying the features of the patent in suit, *and no person could buy these machines in the United States, except from the plaintiff, or the defendant*," and in support thereof the brief cites p. 36 of the Record. If the Court will inspect page 36 of the Record, it will no doubt observe that, although the witness for complainant whose testimony is there recorded was given every facility of suggestion whereby he might, if it were true, swear to the above alleged facts positively, yet he three times, in three consecutive answers, *refuses* to so swear, and says, I was not "*aware.*" and "*to the best of your*" (*my*) "*belief*" I "*feel confident I should have heard of it*, and to the question, "Well, then, *as I understand it* the parties who bought of the defendant either had to buy of you or of him, or go without machines, *so far as you know*," he still declines to make either a categorical or a direct reply, and answers, "*They bought them themselves if they knew where to go for them.* They could have imported them; but there was no place in this country to buy them, *so far as I know.*"

And the inference is only widened by a reference to the testimony of another witness for complainant, at pp. 29, 30 (to fol. 62), where it is shown that from December 9, 1876, down to November 10, 1881 (covering the entire period of defendant's infringement, Aug. 11, 1880, to Aug. 4, 1881, pp. 34, 35), suits were being prosecuted by this complainant for infringement of this patent, against persons who, it is nowhere pretended, were *customers of the defendant*

And again, at page 9 of the brief, occurs the statement that "The learned judge, before whom the exceptions to the Master's report were argued,

expressed *orally* upon the argument his dissent to the Master's views upon the effect of the Hendrickx settlement. He makes no reference to it, however, in his opinion." Unless the concluding sentence of the above quotation shall be construed as an immediate contradiction of the remarks just previous to it in the same quotation, we respectfully submit that the inference of the competence of the said previous remarks is without foundation.

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P. F. McBREEN, Law and Job Printer, 61 Beekman St., N. Y.

Supreme Court

2

OF THE UNITED STATES.

EMILE CORNELY,
Appellant,

vs.

FREEMAN D. MARCKWALD,
Appellee.

3

Brief and points of the Counsel for the appellee, in support of the final decree of the Circuit Court.

This is an appeal by complainant, from a final decree of the Circuit Court of the United States for the Second Circuit, and Southern District of New York, entered herein and filed March 14, 1885 (see page 40 *et seq.*, fols. 82—85).

This action is brought to recover damages for the 4
alleged infringement by the defendant of Letters Patent, No. 83,910, dated November 10, 1868, in favor of the complainant, for improvement in sewing machines for embroidering (p. 1 *et seq.*, fols. 1-4).

The action was commenced in December, 1881, and became at issue on service of the answer of the defendant in February, 1882 (p. 5 *et seq.*, fols. 7–20). A decree was entered in favor of the Com-

plainant in November, 1882. The answer of the defendant disclosed the fact that he had sold twenty-six machines, which were found to be infringements of the complainant's Letters Patent, and that the amount of the profits realized by the defendant on such sales was one hundred and forty-two dollars and ninety-two cents ($142.92).

We refer to the answer in the case to show that the amount of the profits therein admitted is the same amount as was found by the Master in his report (p. 20, fol. 43 and p. 11, fols. 18, 19).

The Master reported that the testimony in the case did not prove any damage to have been sustained by the complainant by the acts of the defendant beyond the nominal sum of six cents (p. 22, fol. 47).

Thereupon the complainant filed exceptions to the Master's report, and upon the hearing of said exceptions the Court entered the final decree, overruling the same, as appears at p. 41, fols. 82–85, from which decree the complainant now appeals to this Court, in so far as the said decree awards to the complainant no damages beyond the nominal sum of six cents, and otherwise, as appears at p. 43, fol. 90.

FIRST POINT.

The testimony of Wm. H. L. Lee, a witness produced and examined by the complainant, shows that several other suits had been brought upon alleged infringements of the patent which forms the basis of this suit.

Those other suits were all settled without any trial upon the merits (pp. 28–31, fols. 58–63, especially 62 and 63). In other words, the suits were terminated upon mutual consent before coming to a trial. Much of the testimony of Mr. Lee is in regard to the amount paid by the defendants in

those other suits for the infringement of the Letters Patent. The amount proved by the testimony offered, to have been paid by many of the defendants upon the settlement of those suits, was $50 for each machine. 9

Even in the matter of settlement, the amount accepted by the complainant was not universal (p. 30, fol. 61).

The most that can be said on the subject of amounts paid by defendants in settlement of suits is that the complainant obtained the sum of $50 per machine, when he could get that amount, and that he accepted a smaller amount when it seemed best for him to do so. 10

It does not appear that there is any testimony or reasonable ground for pretence in the case that the amounts paid by the defendants in any suit were paid as, or establish the amount of, a license fee.

There is no word of testimony to show that the amount of $50 was a fixed and known license fee or price, for which any person could surely procure the rights to sell or use the machines in question. 11

We observe, in this respect, the cautious manner of the testimony of Mr. Lee (p. 31, fol. 63), where he says: "The sum of $50 was fixed upon, as I understood it," etc., and that "it was *estimated* that there was a profit of $50 upon each machine," etc.

The witness very frankly admitted his ignorance, as in his testimony we have the witness's declaration that he had "*no* knowledge as to the cost of manufacture or the reasonable amount of profits," etc. (p. 31, fol. 63, last part). Surely the estimate had no very secure basis, and it can hardly be claimed to have been of sufficient strength to support the dignity of a "license." Moreover no "basis" or reason whatever is furnished by the witness, to show *upon what ground*, or *by whom* "it was estimated" that $50 was the amount of profit which could be realized *per* machine. 12

13 We may add that no witness was produced by the complainant who offered any testimony to show what the machines (of the complainant) cost, or what was the amount of profit generally or ever made upon the sale of them.

We ask the Court, at this point, to look at the Master's report, at p. 21, fol. 45, where the Master makes what may be regarded very pertinent and reasonable remarks respecting the absence of an established license fee, for the use of the machines
14 of the complainant. Also, see the case of Black *vs.* Munson, 14 Blatchford, 267, where Judge Hunt says: "In an action in equity, which is this case, "profits made by the assignee (which is the posi- "tion of the complainant), by the use of the im- "provement, constitute the general measure of "damages. Sales, or a royalty established, on the "other hand, constitute the primary criterion of "damages in actions at law (Burdell *vs.* Denig, 2 "Otto, 716), but, in any case, this latter rule can
15 "only be applied where there is a *fixed* and *estab-* "*lished* price at which a license is granted."

In this case, as before remarked, there is hardly a reasonable pretence of any "fixed and established," or even generally known, license fee, and none was attempted to be shown to exist "by the use of the improvement," by the complainant.

The only charges or payments of $50 or $30 shown in the case, as recovered from infringers, were made *in settlement of suits*.

16

SECOND POINT.

The testimony of Mr. Thompson (a witness of the complainant) shows some diligence in giving notice to the public of the complainant's claims under the patent, but there is no testimony in the case which discloses any information or notice of the plaintiff's claims to the defendant, or to any party in any wise interested with him in the sale of the machines.

The defendant is very clear in his testimony re- 17
garding his own ignorance and innocence respecting any infringement on his part of any rights of the complainant (p. 35, fol. 69).

It will, also, be observed that the circulation of postal cards by Mr. Thompson must have occurred in the year 1876, or the early part of 1877 (p. 32, fol. 64), and the defendant could not readily have had his attention called to matters in which he then had no interest (pp. 34 35, fols. 68-69).

When we consider that the defendant sold only 18
26 machines, that he was unaware of any legal reason why he should not sell the machines in this country, and that, upon receiving notice of the complainant's claims, he (defendant) at once ceased to sell machines, and has not since then sold one, we think that all these considerations should place the defendant in a position to which very small censure would be applicable, and that his pecuniary responsibility should be made as light as the law will permit. 19

In this connection, we ask the Court to carefully note the reasoning of the Master, in his report, at p. 21, fols. 45,4 6. We may also mention that the question of damages against the defendant, for the enforced lowering of prices on account of the sales by the defendant, is not made more favorable to the complainant by any closer inspection of the testimony in the case.

When we regard that testimony so far as presented by the complainant, we observe that during 20
the years when the defendant had no part whatever in selling the machines, prices fluctuated and were uncertain (pp. 36, 37, fol. 72). Moreover, the testimony of Mr. Thompson was to the effect that he sold (for complainant) machines to hosiers and corset and various manufacturers (p. 37, fol. 73), and it is also in evidence that the defendant *sold to corset manufacturers only* (p. 37, fol. 73). We do not think there is any evidence to warrant the lay-

21 ing upon the defendant any damages for loss of prices in sales, and we consider some of the testimony in the case as very nearly contradictory of any such assumption. Moreover, the blame of decrease of amount of sales of the machines cannot certainly be all laid upon the defendant, as it would seem from the testimony that other persons were selling the same kind of machines at about the same time that the defendant sold them (pp. 28-31,
22 fols. 58-62).

Again, we may observe that Mr. Thompson sold at least one machine at a considerable reduction from his usual price, in May, 1880, which was some months before the defendant sold any machine (pp. 37, 38; last part fol. 73 and first part fol. 74).

Again, there is not a word of testimony to show that any one of the customers of the complainant, who, as alleged, said they could buy machines at a reduced price, ever told Mr. Thompson, or in any
23 other manner intimated that the defendant was the person of whom machines could be so purchased (p. 36, fol. 70).

Upon this point we cite –

Ingersoll *vs.* Musgrove.

Same *vs.* Benham and ors., 14 Blatchford, 541, etc.

Also,

Schellinger *vs.* Gunther, 14th Off. Gazette, p. 713.

24

The Court will perceive, by referring to the abovementioned cases, that there is a very clear rule laid down in respect to the damages which are (among others) claimed by the complainant.

The evidence in regard to the amount of such damages, and as to the occasion of them, must be very clear and definite in every particular.

Such evidence must not be founded upon conjecture, guess work, or so called averages.

25

THIRD POINT.

It will probably appear to the Court that the case was submitted to the Master after a very liberal opportunity to the complainant to introduce his evidence and support his views respecting all of the matters in controversy.

In Fisher vs. Hayes, 16 Federal Rep., 471, and 18 Blatchford, 295, we may find some remarks that in some view might become pertinent to the subject 26
now before this Court.

The objections, however, to the report and decree are supposed to be founded only upon the case as presented, and any views that counsel might introduce which do not emanate from the case as it is, would hardly be considered by the Court. It is therefere, perhaps, not proper to occupy time in any discussion touching any suggestions that may never occur.

The exceptions of the complainant, found at pp. 27
26-28, fols. 54-57, to the Master's Report, are, we believe, substantially obviated in favor of the defendant, both by the reasoning of the Master, contained in the report, and by the few considerations we submit to the Court. To these should be added the more essential confirmation of the opinions advanced by the learned Judge at circuit. (pp. 39, 40, fols. 79-81.)

We trust that the Court will affirm the decree of the Circuit Court.

28

29

FOURTH POINT.

The only amount found by the Master at all in favor of the complainant is the aggregate sum realized by the defendant as profits upon the sale of the machines by him. That amount and the circumstances under which it was realized are frankly set forth in the answer of the defendant.

We refer to this matter at this place because we think that any expense or cost, subsequent to the
30 introduction in the case of the answer, ought to be borne by the complainant.

If the decree be sustained, the complainant has shown nothing to his advantage over the admissions of the defendant, and it does not seem just to let the defendant pay for the experiments (apparently unsuccessful) of the complainant.

Dated, New York, April 22, 1889.

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COURSEN & COURSEN,
Defendant's Solicitors.

WILLIAM A. COURSEN,
Of Counsel.

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